

Bistrita  
November 11th 2010

**Teraplast obtained in the first 9m/10 solid financial results,  
both to the individual and consolidated level**

- ✓ **The net turnover for 9m/2010 increased by 14,07% compared to the same period on 2009, despite the difficult conditions existing in the installations and constructions markets;**
- ✓ **The net profit has been sustained by the efficient measures of costs management, considering that the price has been the determinant factor in the decision of buying products and Teraplast continued to invest;**
- ✓ **The investments totalized RON 11,6 million and were focused on the development of the Teraplast Industrial Park from Saratel (Bistrita-Nasaud County) and on the extent of the systems portfolio. The relocation program for the Group production units from Bistrita to Saratel was 100% finalized, in the first nine month of 2010;**

**Florin Urîte, CEO of Teraplast:** „In the third quarter of 2010 there were also no significant improvements in the evolution of the economic environment, on the contrary we felt a decrease in demand for the infrastructure projects, generated, on one hand, by the holyday period, and on the other hand, by the construction firms circumspection towards the beginning of new projects or towards the infrastructure projects which are in progress, as a result of the cash in incertitude. However, we managed to obtain a 14% turnover increase and more than that, to finalize the relocation of all production facilities from Bistrita to Saratel. The Greenfield project from Saratel and the fact that we were able to keep our promises, despite the unfavorable economic environment, proves once again that Teraplast is a solid company. Currently, at Saratel we have a very modern industrial platform which includes the latest production technologies for the PVC, PP and PE products, the newest IT systems, by which we program all work stages, and not lastly an important Development and Research Center, in which our engineers help us to bring every year into the market innovative systems and technical solutions”.

<b>Key performance indicators, (RON, thousand)</b>	<b>9m/09</b>	<b>9m/10</b>	<b>▲%</b>
<b>EBITDA</b>	20.940	19.047	(9)
<b>Net profit</b>	11.400	9.862	(13,5)
<b>Net turnover</b>	141.284	161.168	14,07
<b>Investments</b>	24.216	11.610	(52)
<b>Average number of employees</b>	538	537	(0,2)

\*The financial numbers are calculated according to the Romanian accounting system and are not audited; all indices refer to Teraplast SA, except for the situations when it is mentioned otherwise; most of the indices are expressed in thousands and are rounded to the closest whole number, so that small differences may appear.

### Significant events in the first half of 2009

- ✓ In **January**, The Managing Board of Teraplast, assigned Ovidiu Avram in the Executive Board of the company, as a Sales Director.
- ✓ The General Meeting of Shareholders decided in **January** to carry out a new share buy-back program. According to this program Teraplast will purchase 4.5 million shares at no more than 0.72 lei/share. The bought shares will be paid by the company's reserves, others than the legal ones, and the buy-back period will be of maximum 18 month from the moment of the General Meeting of Shareholders decision appearance in the Romanian Official Gazette.
- ✓ In **March** The Managing Board of Teraplast elected BT Securities to carry out the new share buy-back program;
- ✓ In **May**, Teraplast was accepted as a member of TEPPFA (The European Plastic Pipes and Fittings Association), being at this point the only Romanian manufacturer of plastic pipes and fittings member of this famous European association. The admission of Teraplast into TEPPFA was unanimously approved by the General Assembly of the European Plastic Pipes and Fittings Association.
- ✓ In **June**, Teraplast finalized the relocation of all the production facilities from Bistrita to the industrial park from Saratel, after investments of approximately EUR 26 million.
- ✓ In **July**, Politub, company member of Teraplast Group, finalized the relocation of the production facilities from Bistrita to Saratel. The total investments done by Teraplast Group to Saratel had the value of EUR 36 million.
- ✓ In the period **June – August**, Teraplast started the implementation of three projects co-financed from the European Social Fund, through the Sector Operational Program Development of Human Resources 2007 - 2013, "Invest in people!". The total eligible value of the three projects is over 1,6 million lei, of which the grant amount is 1,17 million lei.

### Outlook 2010

- ✓ For the last quarter of 2010 we anticipate that the raw material price (PVC, PE and PP) will register a stabilization, which will be followed inevitably by a price decrease towards the end of the year 2010;

- ✓ Teraplast still counts especially on the sewage and water supply infrastructure sector and on its partners and vendors, while in the residential and nonresidential segment we anticipate a similar evolution as in the first nine month of 2010.

### Teraplast SA – Financial Results obtain individually, in 9m/10

Profit and loss account, in RON thousand	9m/09	9m/10	▲ %
<b>Net turnover</b>	<b>141.284</b>	<b>161.168</b>	<b>14,07</b>
<i>Change in inventory – Credit balance</i>	7.546	6.279	(16,7)
<i>Own work capitalized</i>	1.798	1.605	(10,7)
<i>Other operating revenues</i>	826	1.941	135
<b>TOTAL operating revenues</b>	<b>151.455</b>	<b>170.993</b>	<b>12,9</b>
<i>Raw materials and consumables expenses</i>	73.723	89.847	21,9
<i>Other materials expenses</i>	864	682	(21)
<i>Utilities expenses</i>	4.403	4.551	3,4
<i>Expenses with goods</i>	20.588	25.490	23,75
<b>Personnel expenses</b>	<b>17.863</b>	<b>18.891</b>	<b>5,7</b>
<i>Adjustments on the value of assets</i>	7.382	9.466	28,2
<i>Revenues from adjustments on fixed assets</i>	-	(1.090)	-
<i>Other operating expenses</i>	13.834	13.574	(1,8)
<b>TOTAL operating expenses</b>	<b>138.658</b>	<b>161.413</b>	<b>16,4</b>
<i>Operating profit</i>	12.797	9.580	(25,1)
<i>Financial result</i>	(422)	919	317,8
<i>Gross profit</i>	12.374	10.499	(15,2)
<i>Tax on profit</i>	974	638	(34,5)
<b>Net profit</b>	<b>11.400</b>	<b>9.861</b>	<b>(13,5)</b>

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The company's **net turnover** increased in the first 9 month of 2010 by 14,07%, compared to the same period of last year, as a result of the increase in the sold volumes, on one hand, and on the other hand, as a result of the sales price increment.

Teraplast's **net profit** was at 86,5% of the value obtained in the same period of the previous year, influenced by the increase of the depreciation expenses related to the investments that became operational during 2009 and that couldn't be use at their full capacity due to the current economic conditions, marked by the lack of liquidity. Moreover, this indicator was influenced by the strong pressure on the selling prices, so the price increase for the raw materials couldn't be entirely included in the final price.

### Teraplast SA - Balance sheet 9m/10

Balance sheet, in RON thousand	9m/09	9m/10
<b>ASSETS</b>		
<b>A. TOTAL noncurrent assets</b>	<b>144.209</b>	<b>154.069</b>
<i>I. Intangible assets</i>	1.577	1.790
<i>II. Tangible assets</i>	133.236	142.852
<i>III. Financial assets</i>	9.396	9.427
<b>B. TOTAL current assets - TOTAL</b>	<b>106.740</b>	<b>126.833</b>
<i>I. Inventories</i>	40.088	39.780
<i>II. Receivable</i>	63.980	84.725
<i>III. Short term investments</i>	502	1.004
<i>IV. Cash and bank accounts</i>	2.170	1.324
<i>C. Prepayments</i>	<b>782</b>	<b>2.037</b>
<b>TOTAL ASSETS</b>	<b>251.731</b>	<b>282.939</b>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>		
<i>Shareholders' equity</i>	148.820	153.141
<i>Payables in more than one year</i>	23.884	19.039
<i>Provisions</i>	2.443	2.783
<b>TOTAL current liabilities - of which:</b>	<b>100.468</b>	<b>107.976</b>
<i>Interests bearing liabilities</i>	45.646	40.956
<i>Trading liabilities</i>	46.028	53.727
<i>Other liabilities</i>	8.793	13.293
<b>TOTAL SHARE CAPITALS AND LIABILITIES</b>	<b>251.731</b>	<b>282.939</b>

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The **noncurrent assets** for 9M/10 registered a rise of 6,8% compared to the level registered in the same period of 2009, as a result of the investments made during this period.

Teraplast's **investments** in the first nine months of the year had the value of approximately RON 11,6 million and they were focused towards the relocation and the technological development from the Industrial Park of Saratel. Teraplast finalized, in the first six months of 2010, the relocation of all the production facilities from Bistrita to the industrial park from Saratel, the total investments made by the company, from the moment when the production plants construction began (2007), until the moment the relocation was finished, having a value of over EUR 26 million.

The investments include the infrastructure works, the new production plants construction, the technological equipment of the factories, either by moving the production lines from Bistrita, or by new production line purchasing, and also the construction of the logistics and warehousing spaces.

The Industrial Park from Saratel has an area of approximately 200.000 square meters, of which 143.500 square meters belong to Teraplast, approximately 29.000 square meters are owned by Plastsistem, and the rest of 27.500 square meters belong to Politub, company member of Teraplast Group.

The company Teraplast has at Saratel production capacities in total surface of over 13.000 square meters, divided between the **PVC products factory** (PVC pipes production plant, PVC profiles production plant, window PVC profiles production plant, mixing plant) and the **polyolefins factory** (PE manholes and tanks production plant, corrugated pipes production plant, PVC, PP and PE fittings production plant and PP pipes production plant).

Most of these production facilities were relocated from Bistrita, excepting corrugated pipes, PE manholes and tanks, which are new products developed by Teraplast after a careful analysis of the global expansion directions and the needs to complete the external sewage system. Furthermore, relocating to Saratel allowed and will also allow in the future the expansion of the production facilities and cost savings by approximately 3%.

Besides the production facilities, at Saratel there are over 44.000 square meters of warehouses, a logistic center with warehouse management implemented, which coordinates all the transportation activities, and a research and development center. The rest of the land from Saratel, namely an area of 85.500 square meters is used for infrastructure, administrative buildings and future development of production capacities.

**The inventories** registered a decrease of 0,8% in the first nine months of 2010 on year to year bases, up to the value of RON 39 million, as a result of the increase in the sold volumes.

**The company's receivables** have grown by 32,4%, as a consequence of the contract term of payments expansion, but also as a consequence of the lack of liquidities on the market, in the context of a difficult allocation from the state budget of the financing for the public projects.

In the context of a continuous development, based on investments which generated massive exits of resources, the company's liquid assets registered a decrease compared to the previous year, the financing of the investments and of the working capital also generating an increase in the current liabilities.

The company's long-term debts have registered a decrease of 20,3% compared to the same period of 2009.

### Teraplast Group – financial consolidated results 9m/10

Profit and loss account, in RON thousand	9m/09	9m/10	▲ %
<b>Net turnover</b>	<b>179.620</b>	<b>207.506</b>	<b>15,6</b>
<i>Change in inventory – Credit balance</i>	8.201	6.904	(15,8)
<i>Own work capitalized</i>	1.919	1.860	(3,07)
<i>Other operating revenues</i>	1.063	2.307	117
<b>TOTAL operating revenues</b>	<b>190.804</b>	<b>218.577</b>	<b>14,6</b>
<i>Raw materials and consumables expenses</i>	103.499	129.447	25
<i>Other materials expenses</i>	968	777	(19,7)
<i>Utilities expenses</i>	4.956	5.137	3,7
<i>Expenses with goods</i>	19.080	20.954	9,8
<b>Personnel expenses</b>	<b>20.608</b>	<b>21.842</b>	<b>6</b>
<i>Adjustments on the value of assets</i>	8.666	9.813	13,2
<i>Other operating expenses</i>	16.881	17.126	1,4
<b>TOTAL operating expenses</b>	<b>174.658</b>	<b>205.096</b>	<b>17,4</b>
<i>Operating profit</i>	16.146	13.481	(16,5)
<i>Financial result</i>	-1.391	-47	96,6
<i>Gross profit</i>	14.755	11.434	(22,5)
<i>Tax on profit</i>	1.202	721	(40)
<b>Net profit</b>	<b>13.553</b>	<b>12.713</b>	<b>(6,2)</b>

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The net turnover of Teraplast Group increased by 15,6% in the first nine month of 2010, up to the value of RON 207,5 million, despite the difficult economic context. The market blocking on the real estate and infrastructure sectors was still the main problem for the businesses which Teraplast Group is doing.

**The consolidated operating expenses** increased by 17,4% in the 9m/10, mainly as a result of the increase of the raw materials and goods expenses. In the same period the **operating revenues** have grown by 14,6%.

**The net profit** of the Group Teraplast has diminished by 6,2%, down to the value of RON 12,7 million lei, the factors which contributed to this reduction were, just like in the case of the mother-company, the growth of several groups of expenses in a proportion higher than the growth of revenues, as well as the fall of demand on the construction market.

#### **Details about Teraplast:**

*The company Teraplast is part of the Teraplast Group Bistrița, which includes besides Teraplast its subsidiaries Plastsistem and Politub. The subsidiary Plastsistem produces sandwich panels and metallic structures for commercial and industrial constructions and Politub produces polyethylene pipes for gas and water networks.*

*Teraplast is one of the leading suppliers of solutions and systems for the constructions, installations and furnishing fields in Romania, being at this point **the leader of the PVC pipes local market, with a market share of 42%**. The products portfolio of Teraplast covers the all range of installations (less the heating and the ventilation ones), which allows Teraplast to sell complete systems of solutions. Teraplast's products are structured on nine systems, as followed: water supply system, exterior sewage system, interior sewage system, interior decoration and furnishing system, window PVC profiles system, PVC granules, terracotta tiles system, electric system and TeraGlass system (PVC and aluminum windows and doors).*

*Starting from July 2nd 2008 the company Teraplast is listed at The Bucharest Stock Exchange under the symbol TRP, and since 2009 the company has been included in the composition of the indexes BET-C and BET-XT. The company's main shareholders at the reference date June 30<sup>th</sup> 2010 are Dorel Goia (34,27%), SIF Banat-Crisana (10,48%) si Emanoil Viciu (10,15%).*

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