

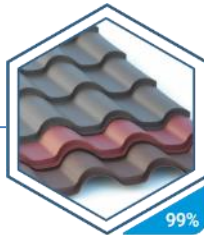


October 29, 2019
Q3 results



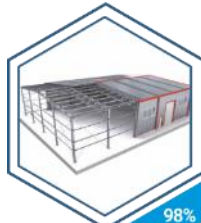
TeraPlast Group is the largest Romanian producer of construction materials.

99%
since May



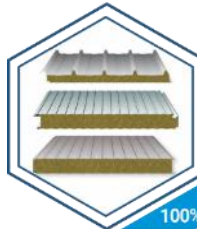
99%

wetterbest[®]
PE FIECARE CASA



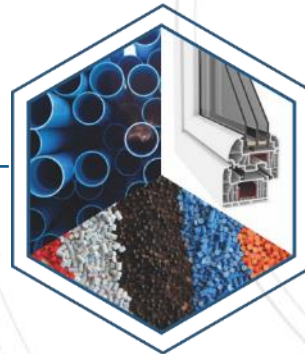
98%

TeraSteel[®]



100%

TeraSteel[®]
Serbia

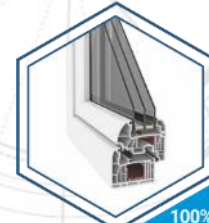


TeraPlast[®]



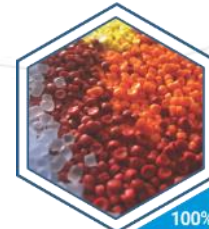
100%

TeraGlass[®]
Windows & Doors



100%

TeraPlast[®]
Hungary



100%

TeraPlast[®]
Recycling

since April



DOMESTIC CONSTRUCTION SECTOR OUTLOOK



KEY FIGURES & HIGHLIGHTS



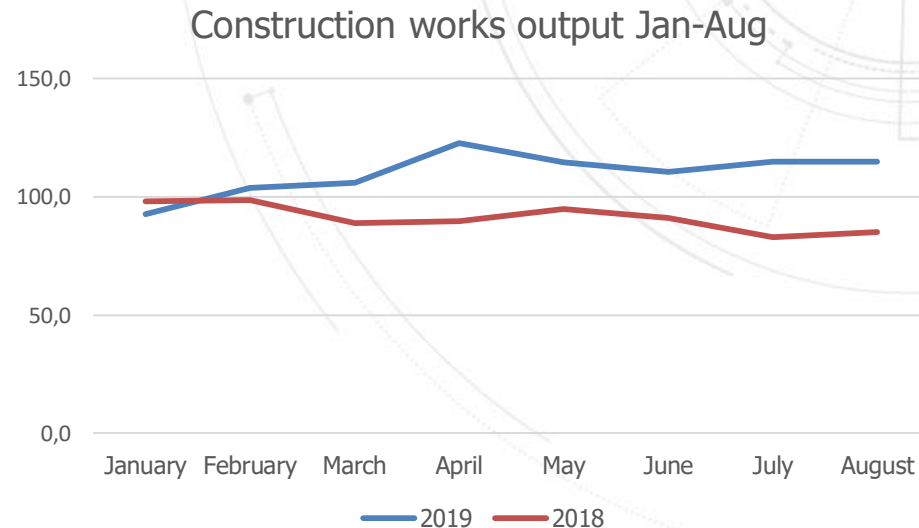
DOMESTIC CONSTRUCTION SECTOR OUTLOOK



KEY FIGURES & HIGHLIGHTS

Romania:

- In the first 8 months of the year (January-August), the construction sector output increased by 20,6% compared to the same period last year (January-August 2018)
- The biggest increase was registered by the non-residential constructions with a 34,2% increase during January-August 2019 compared to January-August 2018, followed by the residential constructions with 32,2% and civil engineering with 10,7%.
- Market dimension: residential 1bn euros, non-residential 1,5bn euros, civil engineering 2,4bn euros (source: Neomar report according to INS)





DOMESTIC CONSTRUCTION SECTOR OUTLOOK



KEY FIGURES & HIGHLIGHTS

Q
3

2
0
1
8

EBITDA

52,8
mil. RON

REVENUE

590,5
mil. RON

EBITDA MARGIN

8,9%

Q
3

2
0
1
9

EBITDA

68,3
mil. RON

REVENUE

719,1
mil. RON

EBITDA MARGIN

9,5%

KEY FIGURES & HIGHLIGHTS



all amounts in thousand RON

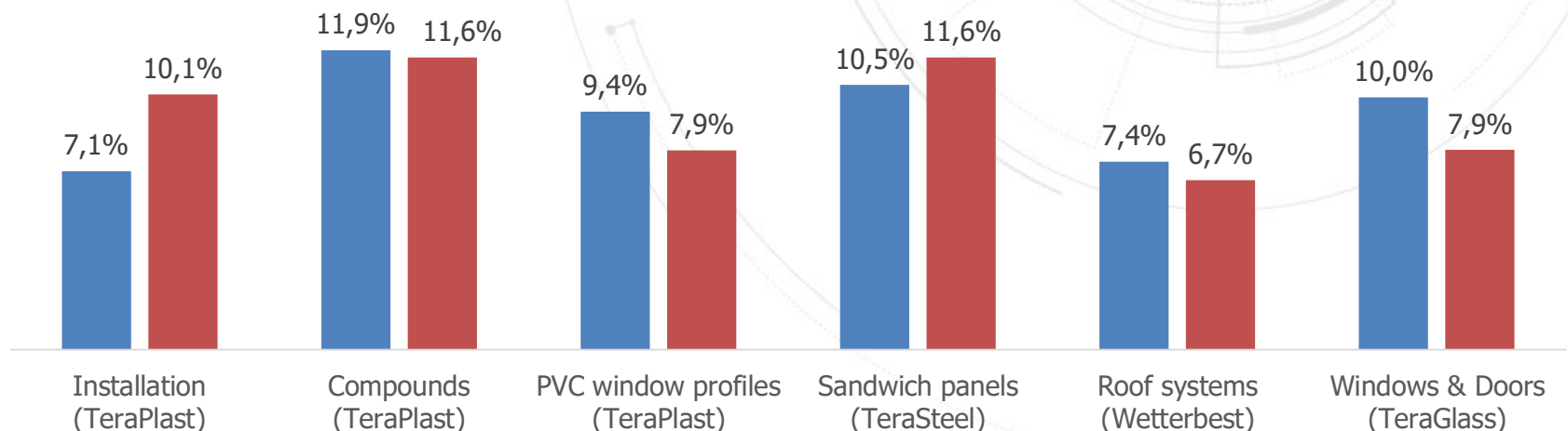
	EBITDA Q3 2018	Revenue Q3 2018	% EBITDA Q3 2018	EBITDA Q3 2019	Revenue Q3 2019	% EBITDA Q3 2019
Installation (TeraPlast)	9.087	128.371	7,1%	18.708	185.095	10,1%
Compounds (TeraPlast)	5.713	48.119	11,9%	5.634	48.636	11,6%
PVC window profiles (TeraPlast)	3.925	41.630	9,4%	3.539	44.851	7,9%
Sandwich panels (TeraSteel)	19.399	185.015	10,5%	25.184	217.582	11,6%
Roof systems (Wetterbest)	12.341	165.741	7,4%	13.576	202.079	6,7%
Windows & Doors (TeraGlass)	2.298	23.011	10,0%	1.652	20.893	7,9%
Total	52.763	591.887	8,9%	68.293	719.136	9,5%

Main EBITDA drivers in Q3/2019:

- TeraPlast & TeraPlast Recycling (+49% compared to Q3 2018) due to infrastructure projects for Installation business line.
- Above average margin for TeraSteel (11,6%) thanks to TeraSteel Serbia reaching maturity, scale-economies and the ability to quickly adapt to the market conditions in terms of raw materials purchasing

**EBITDA Margin by segment
Q3 2018 vs Q3 2019**

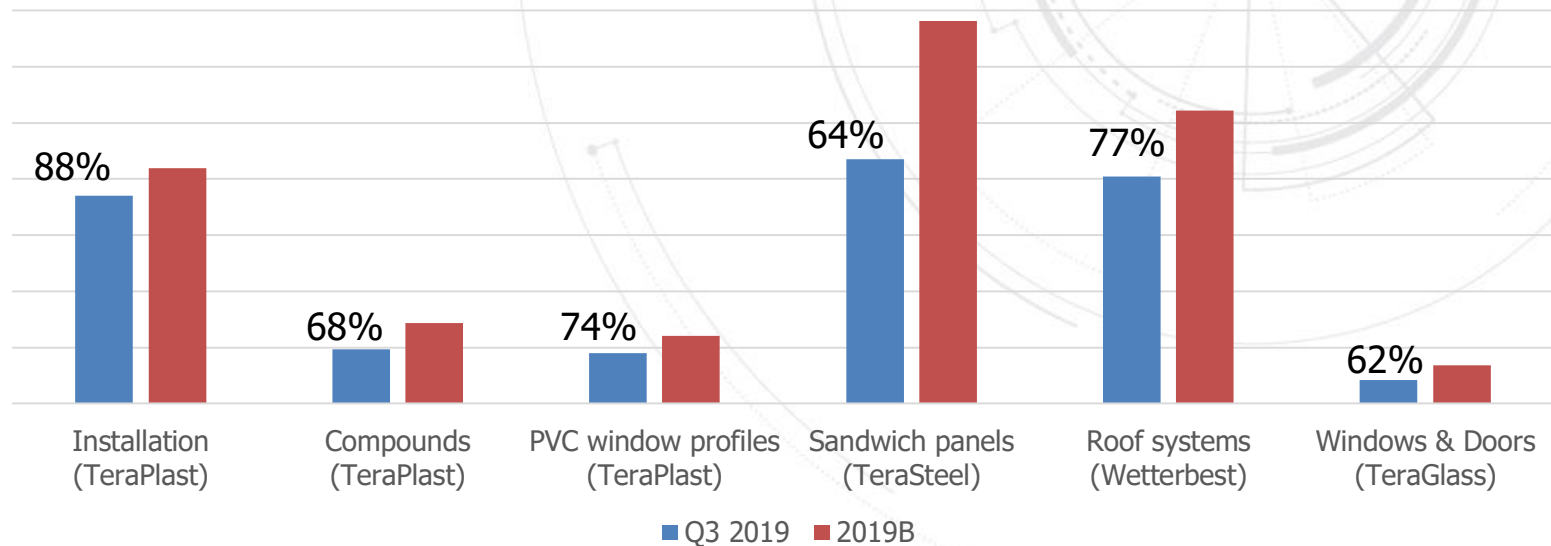
■ EBITDA Q3 2018 ■ EBITDA Q3 2019



The first nine months of the year reached the top in the Group`s history, in terms of both profitability and sales. We are well on track on reaching the budget.

- Q3 2018: 73,5% of the total revenue
- Q3 2019: 73,6% of the total budgeted revenue

Revenue by segment: Q3 2019 vs 2019B



TeraPlast

Growth based on the:

- Operational improvements
 - Efficient employment of the production capacities
 - Sales of sewage systems and water & gas systems for infrastructure projects
-
- 40% increase in sales for PVC sewage systems
 - 80% increase in sales for polyethylene systems

Starting with April 2019, the recycling business line was transferred to **TeraPlast Recycling**. Sales to 3rd parties started. The recycling business generated during April-September nearly 1,5 million lei in EBITDA.

Several projects where **TeraGlass** is supplier of windows have been postponed for Q3, therefore DIY sales (with lower margins) had higher impact.



TeraSteel

Growth based on the:

- Maturity of the Serbian business
- Scale-economies & efficient supplying strategy
- New markets through mineral wool sandwich panels & Lead turnkey halls
- Consolidation of the distribution network in the CEE area



Wetterbest

- The new production unit, which will increase the production capacity by 30% is finished.
- Relocation of the activity is ongoing and will be completed by the start of 2020 high season.
- Operational expenses aimed to support the future development (wages increase, brand promotion & domestic presence in center & northern areas) impacted the EBITDA.
- Priorities: consolidating the domestic presence, new partnerships, logistics & production flow efficiency due to relocation.

In May 2019, TeraPlast reached 99% in equity stake in Wetterbest, the cost of the investment being over 80 million lei.





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