

PRESS RELEASE

TeraPlast Group improves profitability and reaches RON 719 million revenue in the first nine months of 2019

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TeraPlast Group`s EBITDA, the largest Romanian manufacturer of construction materials, rose by 29% in the first nine months of 2019, reaching RON 68,3 million. The key drivers of the EBITDA improvement were TeraPlast and TeraPlast Recycling, with up to 50% increase in EBITDA compared to the same period of the last year. Moreover, the Group`s revenue increased by 22%, up to RON 719,14 million, in line with the budget.

„As a result of the construction market dynamics and the operational efficiency measures, the first nine months of the year reached the top in the Group`s history, in terms of both profitability and sales. We strengthened our market shares and we are determined to continue the development of the future projects in pursuance of a continuous growing trend” said Ioana Birta, CFO of TeraPlast Group.

Key indicators, thousand lei:

TeraPlast Group	Q3 2019	Q3 2018	Increase (%)
Revenue	719,137	590,483	22%
EBITDA	68,293	52,763	29%
TeraPlast – Installation, Compounds & Window profiles; TeraPlast Recycling	Q3 2019	Q3 2018	Increase (%)
Revenue	278,583	217,480	28%
EBITDA	27,880	18,726	49%
TeraSteel Romania & Serbia – Sandwich panels	Q3 2019	Q3 2018	Increase (%)
Revenue	217,582	184,550	18%
EBITDA	25,184	19,399	30%

Wetterbest – Metallic roof tiles

	Q3 2019	Q3 2018	Increase (%)
Revenue	202,079	165,449	22%
EBITDA	13,576	12,341	10%

TeraGlass – Windows & Doors

	Q3 2019	Q3 2018	Decrease (%)
Revenue	20,893	23,003	-9%
EBITDA	1,652	2,298	-28%

The best results in the first nine months of this year were recorded by TeraPlast and TeraPlast Recycling, with an increase of 28% in revenue, up to RON 278,5 million. The efficient employment of the production capacities is the key driver of the company's EBITDA improvement, which rose by of 49% compared to the same period of last year, up to RON 27,88 million.

The increase of TeraPlast was determined mainly by the sales of sewage systems and water & gas systems for infrastructure projects. The company registered 40% revenue growth from sales of PVC sewage systems, and 80% revenue growth from sales of polyethylene systems. Hence, the Group strengthened its position as a detached leader in the exterior sewage market.

TeraSteel Romania and Serbia, market leader by volumes in the PUR and PIR segment in both countries, recorded a 18% revenue growth, up to RON 217 million, while EBITDA rose by 30%, up to lei 25,18 million. The 11,6% TeraSteel EBITDA margin is above the industry average and reflects the maturity of the Serbian business, the scale-economies and the ability to adapt quickly to the market conditions in terms of raw materials purchasing strategy. TeraSteel supplies a wide and solid portfolio of wholesalers in the region, the company being among in top 5 key players in Hungary, Bulgaria and the Republic of Moldova. Furthermore, the company reaches new markets by developing premium solutions, such as mineral wool sandwich panels and Lead by TeraSteel turnkey halls.

Wetterbest's revenue increased by 22%, up to RON 202 million, while EBITDA exceeded RON 13,5 million, with a 10% increase compared to last year. Wetterbest EBITDA encompasses the operational expenses aimed to support the future development: higher wages, brand promotion and sales consolidation in the center and northern areas of Romania.

In the near future, Wetterbest will focus on the consolidation of the domestic market position, the development of new partnerships, and on the optimization of internal logistics and production flows as a result of the relocation in the brand new production facility, which is partly financed through state-aid.

TeraGlass`s results are impacted by the delay of the residential projects, therefore the company sales were directed towards the DIY networks and impacted the margin. TeraGlass continues the investment in the new production unit (co-financed through state-aid), after which the company expects an improvement in sales and profitability, starting with 2020.

For 2019, the TeraPlast Group aims lei 900 million in revenue and over lei 88 million in EBITDA. In the first nine months, the Group invested lei 64 million. Additionally, TeraPlast Group has significantly improved its cash balance by generating lei 38,5 million from operations. The Group will continue to follow a well-balanced business development.

About TeraPlast Group

With a tradition of over 120 years, the TeraPlast Group is currently the largest Romanian construction materials producer. The Group comprises of the following companies: TeraPlast, TeraSteel Romania & Serbia, Wetterbest, TeraGlass, TeraPlast Hungary. Starting with April 2019, the recycling business has been spun off in the independent company TeraPlast Recycling.

Since the 2nd of July, 2008, the largest company of the Group – TeraPlast SA – is listed at the Bucharest Stock Exchange under the TRP symbol. TeraPlast`s shares are included in the following indexes: BET-BK, BET-XT, BET-XT-TR and BET-Plus.