



January-September 2020 Results TeraPlast Group

October 27, 2020



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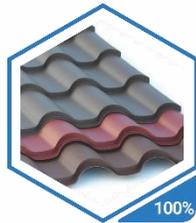


AGENDA

- **TeraPlast Group Structure**
- **2020 highlights**
- **Local construction market**
- **Q3 key figures**
- **Group overview**
- **Market perspectives**
- **Financial performance**
 - Net sales by segment
 - Plastics Division (P&L summary; Net sales & EBITDA Bridge)
 - Steel Division (P&L summary; Net sales & EBITDA Bridge)
 - Balance sheet summary
 - Net Working Capital & Cash Conversion Cycle
 - Cash flow summary
- **Q&A**

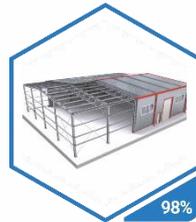
Steel Division

- Complete roof systems
- #2 on the market



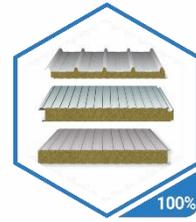
wetterbest
PE FIECARE CASA

- Sandwich panels, galvanized steel purlins, turnkey halls
- #1 on the sandwich panels market in Romania



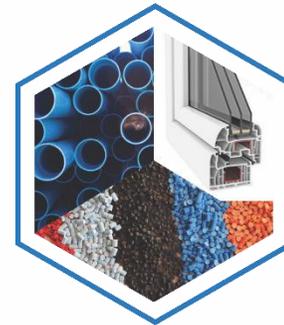
TeraSteel

- Sandwich panels, trapezoidal sheet
- Top producer on the CEE area



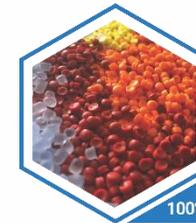
TeraSteel
Serbia

Plastics Division



TeraPlast
since 1976

- Installation, Window Profiles, Compounds
- #1 on the exterior sewage market
- #1 on the compounds market



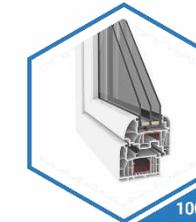
TeraPlast
Recycling

- Rigid PVC recycling
- #1 in Romania
- Top 10 in Europe



TeraGlass
ferestre și uși

- Windows & doors
- Largest exporter of the Group



TeraPlast
Hungary

- PVC profiles distribution in Hungary

2020 HIGHLIGHTS

1 / BET inclusion
TeraPlast's shares were included in the reference index BET at the Bucharest Stock Exchange

2 / Free shares
1 share per 3,3 shares owned were granted to the shareholders

3 / Steel division
TeraPlast signed an agreement to sell its Steel division (TeraSteel RO & RS, Wetterbest) to Kingspan Group

4 / Real estate project
We have announced the implementation of a real estate project on TeraPlast factory's old location

5 / Dividends
We published the preliminary proposal for distributing dividends of over EUR 9 million

6 / Investments
We have announced investments of over EUR 20 million

7 / FTSE inclusion
TeraPlast's shares were included in FTSE Russell's indices Total Cap & MicroCap

8 / State aid
We submitted the first investment project worth EUR 7,9 million within the state aid scheme

98,43%
TeraPlast's share yield to date in 2020

THE LOCAL CONSTRUCTION MARKET

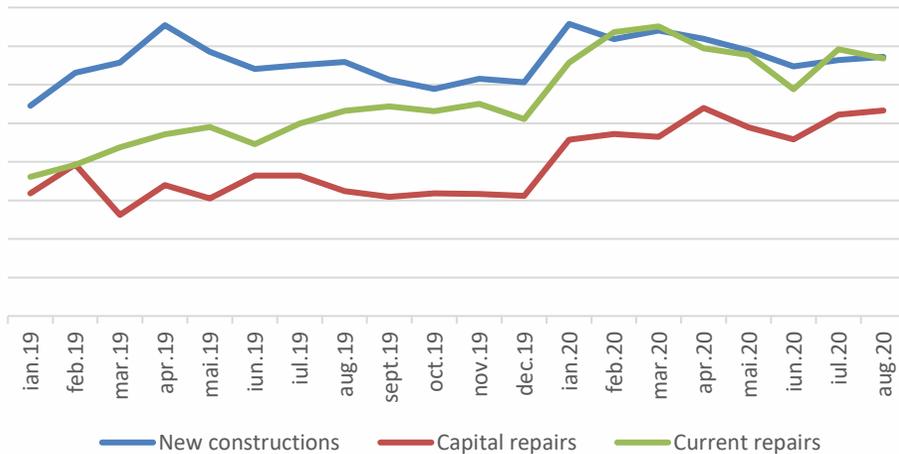
The construction sector in Romania kept its positive trend in the first 8 months of 2020 compared to the same period of 2019.

By the adjusted series, the total volume of the construction works registered a 19,2% increase compares to the first 8 months of 2019.

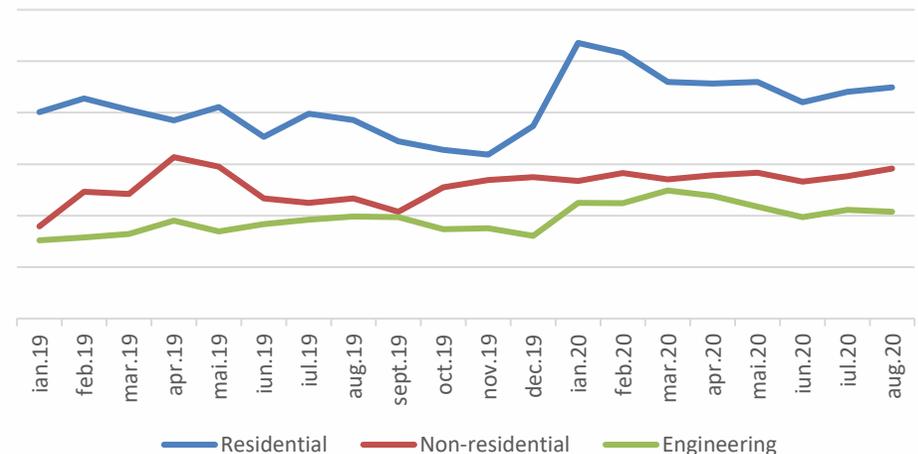
The positive evolution of the infrastructure works reflects in the increases registered by the maintenance works (+50,5%), by the capital repairs works (+47,5%) and by the engineering works (+25,8%).

The residential and non-residential construction volumes also had a positive evolution, increasing by 18,1% and 12,7% respectively.

By construction elements



By construction objects



Q3 KEY FIGURES – TERAPLAST GROUP

JANUARY-SEPTEMBER 2020



JANUARY-SEPTEMBER 2019



- Organic growth of turnover and EBITDA
- The lifting of the state of emergency and, gradually, of some of the restrictions determined positive evolutions of the B2C businesses compared to the first 2 quarters
- Significantly improved EBITDA margin thanks to the performance of TeraPlast and TeraSteel in terms of profitability

HIGHLIGHTS

Shareholder Structure

Shareholders as at Sep 30, 2020

D. Goia	46.83%
Legal Entities	16.10%
Individuals	16.03%
NN Pension Fund	10.99%
KJK Balkan Holding	10.05%
TOTAL	100.00%

Teraplast SA | TRP RO

BBG Ticker	TRP RO
Market Cap (EUR mn 30 Sep)	143.9
Market Cap (EUR mn 23 Oct)	152.7
ADTV (EUR '000 Sep'20)	135.1
Price to Earnings (Sep'20)	8.1x
Price to Book (Sep'20)	2.1x
EB/EBITDA (Sep'20)	7.0x
Div Yield (@RON45m Oct 23)	6.0%
https://investors.teraplast.ro/	

ADTV (EUR '000 | as of Oct 23, 2020)

1W	212.2
1M	125.6
3M	142.8
6M	117.4
12M	98.5

	2018	2019	9M'20 (*)
Net debt			
ST Debt	123.2	149.4	63.4
LT Debt	71.9	62.9	99.9
Cash	(22.8)	(29.5)	(26.3)
Other NC Liability	49.0	15.8	9.6
Provisions	0.8	1.1	1.1
Net debt	222.1	199.8	147.7
Net debt / EBITDA	3.4x	2.2x	1.1x

(*) Net Debt as at Sep 30, 2020 divided by 12M EBITDA from 2020 est

Key Business performance 2019 9M vs 2020 9M

Segment	Plastic Net Sales (mRON)				Plastic EBITDA (mRON)				Plastic EBITDA Margin (%)		
	9M'19	9M'20	vs 9M'19 (abs)	vs 9M'19 (%)	9M'19	9M'20	vs 9M'19 (abs)	vs 9M'19 (%)	9M'19	9M'20	vs 9M'19 (%)
Instalation (TRP)	185.1	222.8	37.7	20%	18.7	38.1	19.5	104%	10.1%	17.1%	70%
Compunds (TRP)	48.6	53.0	4.4	9%	5.6	9.6	3.9	70%	11.6%	18.0%	56%
Window profiles (TRP)	44.9	45.8	1.0	2%	3.5	6.2	2.7	76%	7.9%	13.6%	73%
PVC Windows & Doors	20.9	25.9	5.0	24%	1.7	1.1	(0.6)	-35%	7.9%	4.1%	-48%
Total Plastic Division	299.5	347.5	48.1	16%	29.5	55.0	25.5	86%	9.9%	15.8%	61%

Segment	Steel Net Sales (mRON)				Steel EBITDA (mRON)				Steel EBITDA Margin (%)		
	9M'19	9M'20	vs 9M'19 (abs)	vs 9M'19 (%)	9M'19	9M'20	vs 9M'19 (abs)	vs 9M'19 (%)	9M'19	9M'20	vs 9M'19 (%)
Sandwich panels (TRS)	217.6	246.0	28.4	13%	24.9	26.5	1.7	7%	11.4%	10.8%	-6%
Roof systems (WTB)	202.1	222.7	20.6	10%	13.3	17.6	4.2	32%	6.6%	7.9%	19%
Total Steel Division	419.7	468.7	49.0	12%	38.2	44.1	5.9	15%	9.1%	9.4%	3%

Stock Price Performance (last 12 months as at Oct 23, 2020)



MARKET PERSPECTIVES

52.9%



Of the resident population in Romania is connected to a sewerage network that has a treatment station*

35%



Of the resident population in Romania is connected to the national natural gas network**

20%



Of the total EUR 1 bln budget of the National Irrigation Program were spent

54.2%



Of the resident population in Romania is connected to the sewerage network*

70.9%



Of the resident population in Romania is connected to the public water supply system* (Bulgaria over 95%)

11,5%



Represents the contracted surface for irrigation projects out of the total irrigable surface

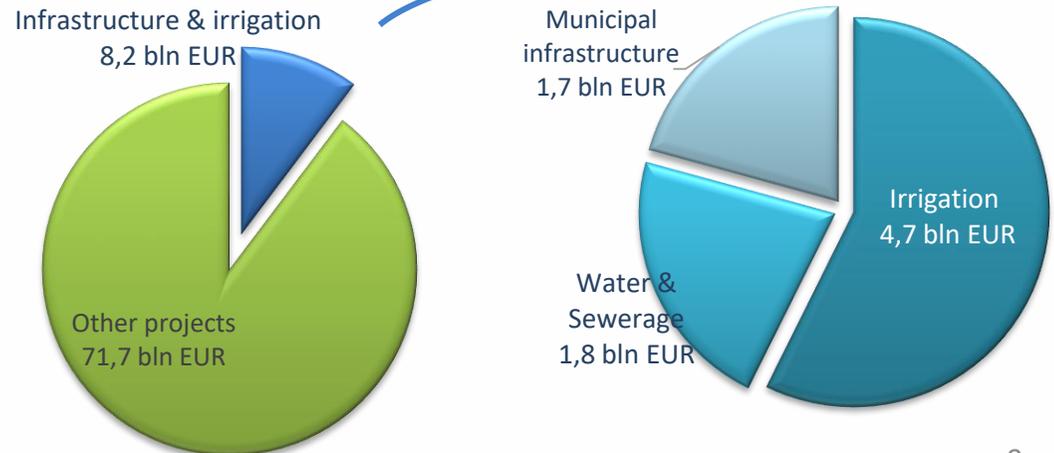
LARGE INFRASTRUCTURE (POIM)****

Total available funds: 10,8 bln EUR



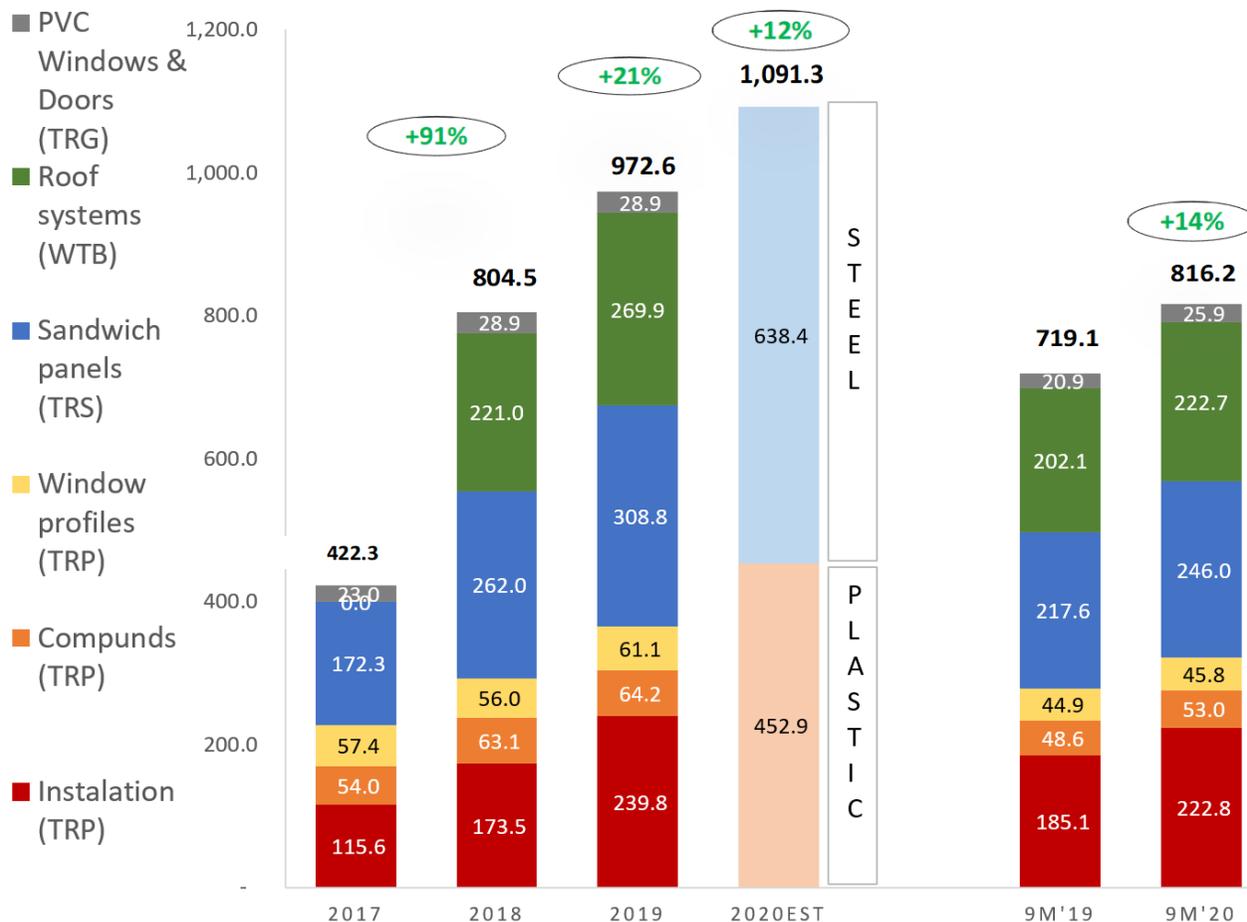
RECOVERY & RESILIENCE NATIONAL PROGRAM (PNRR)***

Total available funds: 79,9 bln EUR



NET SALES BY SEGMENT

NET SALES BY SEGMENT (AMOUNTS IN MRON)



TeraPlast (TRP):

- Still the most profitable company of the Group
- The infrastructure works kept their positive trend that sustained the outstanding results of the Installation business line
- Development plans include HFFR (Halogen Free, Fire Resistant) production line for which we are in the ramp up phase with customer trials and testing;
- Window profiles – revising business model to be closer to customers;
- Recycling – has reached its capacity, enabling profitability growth;

Terasteel (TRS)

- Increased production volumes (3,3 mil sqm in Jan-Sept 2020)
- No. 1 on the Serbian and Romanian sandwich panels markets

Wetterbest (WTB)

- Increasing EBITDA and a significantly improved profitability margin
- During Q2 and especially during Q3 the new production unit's potential began to be seen

TeraGlass (TRG)

- Largest turnover increase of the companies
- Improved EBITDA in the third quarter
- Still in focus for future improvement

PROFIT & LOSS SUMMARY Plastic Division

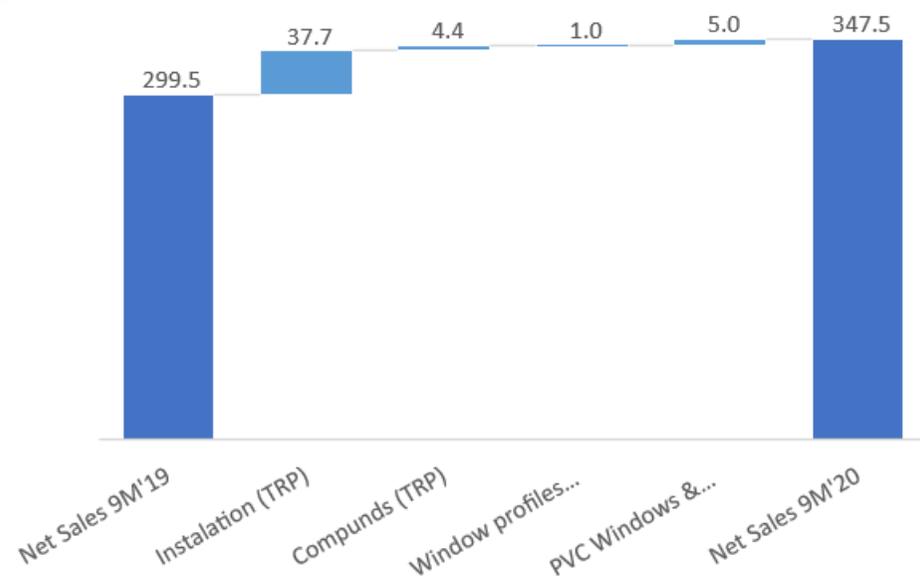
all amounts in million RON

Plastic Division P&L summary for the period	Plastic 9M '19	Plastic 9M '20	Plastic Δ 9M'20-'19	Plastic 12M '19	Plastic 12M '20e	Plastic Δ 12M'20-'19
Total Net Sales	299.5	347.5	16%	393.9	452.9	15%
Total Operating Income	299.7	347.9	16%	394.3	453.4	15%
Raw materials, consumables & merchandise	(200.2)	(212.1)	6%	(261.2)	(274.3)	5%
Salaries and employee benefits	(35.1)	(40.9)	17%	(47.8)	(54.9)	15%
Amortization, impairments, provisions and FV adj	(12.3)	(16.6)	35%	(21.2)	(22.2)	5%
Other operating expenses	(35.9)	(38.7)	8%	(48.0)	(49.9)	4%
Operating result	16.3	39.6	143%	16.2	52.0	222%
<i>Operating result % in Net Sales</i>	<i>5.4%</i>	<i>11.4%</i>		<i>4.1%</i>	<i>11.5%</i>	
Financial result	(5.1)	(3.0)	-41%	(6.5)	(4.0)	-39%
Profit before tax	11.2	36.6	227%	9.6	48.1	400%
Income tax expense	(0.7)	(3.4)	372%	(1.1)	(4.4)	291%
Net Profit for the year	10.5	33.2	217%	8.5	43.6	415%
<i>Net Profit % in Net Sales</i>	<i>3.5%</i>	<i>9.6%</i>		<i>2.2%</i>	<i>9.6%</i>	
EBITDA	29.5	55.0	86%	38.2	73.0	91%
<i>EBITDA % in Net Sales</i>	<i>9.9%</i>	<i>15.8%</i>		<i>9.7%</i>	<i>16.1%</i>	

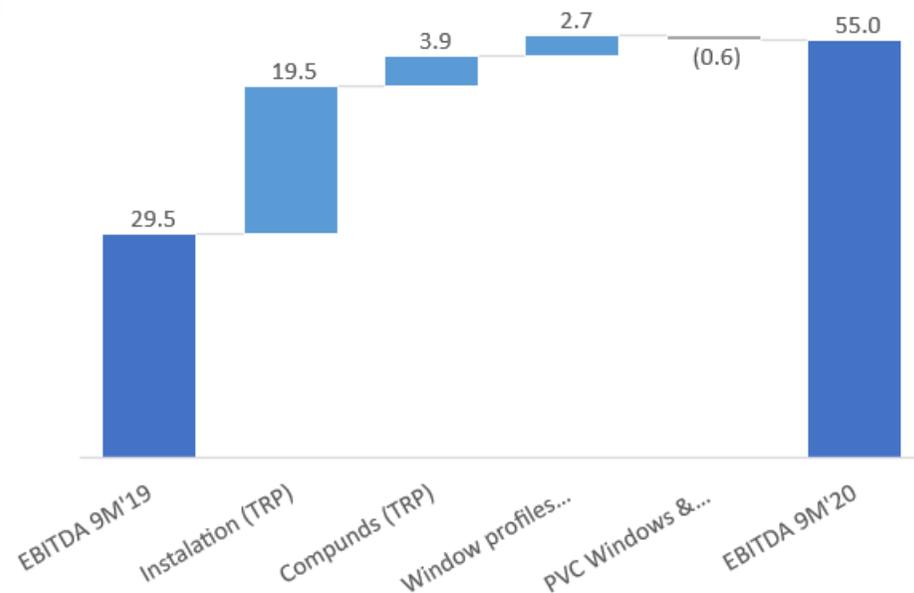
- Good perspectives for the infrastructure market evolution in the following 2 - 3 years
- Leaders on the Installation and Compounds markets
- Benefited from the raw materials acquisition strategy

PLASTIC | NET SALES AND EBITDA BRIDGE 9M'2020 VS 9M'2019

PLASTIC | Net Sales Bridge 9M'20 vs 9M'19



PLASTIC | EBITDA Bridge 9M'20 vs 9M'19



Segment	Plastic Net Sales (mRON)				Plastic EBITDA (mRON)				Plastic EBITDA Margin (%)		
	9M'19	9M'20	vs 9M'19 (abs)	vs 9M'19 (%)	9M'19	9M'20	vs 9M'19 (abs)	vs 9M'19 (%)	9M'19	9M'20	vs 9M'19 (%)
Instalation (TRP)	185.1	222.8	37.7	20%	18.7	38.1	19.5	104%	10.1%	17.1%	70%
Compounds (TRP)	48.6	53.0	4.4	9%	5.6	9.6	3.9	70%	11.6%	18.0%	56%
Window profiles (TRP)	44.9	45.8	1.0	2%	3.5	6.2	2.7	76%	7.9%	13.6%	73%
PVC Windows & Doors	20.9	25.9	5.0	24%	1.7	1.1	(0.6)	-35%	7.9%	4.1%	-48%
Total Plastic Division	299.5	347.5	48.1	16%	29.5	55.0	25.5	86%	9.9%	15.8%	61%

PROFIT & LOSS SUMMARY Steel Division

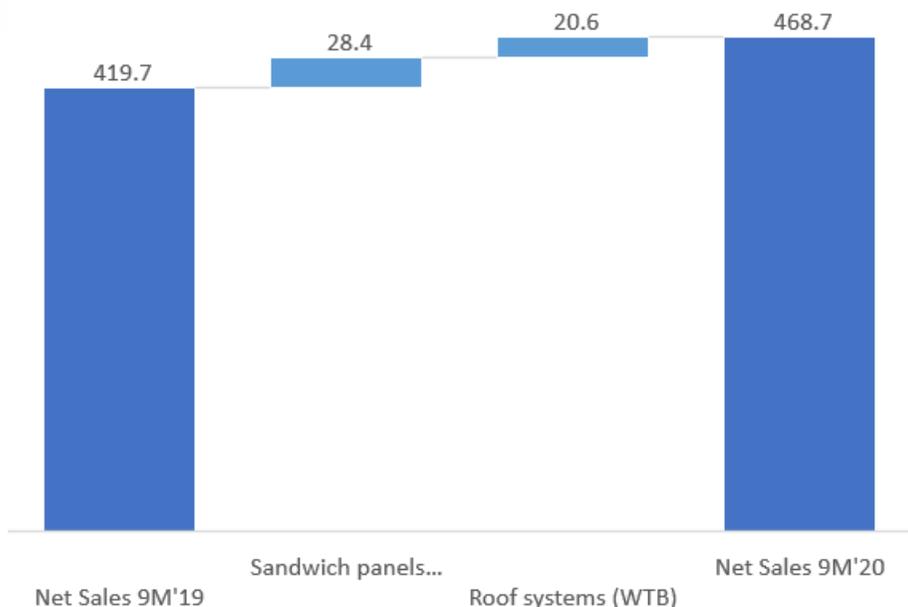
all amounts in million RON

Steel Division P&L summary for the period	Steel 9M '19	Steel 9M '20	Steel Δ 9M'20-'19	Steel 12M '19	Steel 12M '20e	Steel Δ 12M'20-'19
Total Net Sales	419.7	468.7	12%	578.7	638.4	10%
Total Operating Income	420.1	470.6	12%	579.6	642.2	11%
Raw materials, consumables & merchandise	(320.1)	(354.6)	11%	(439.7)	(481.8)	10%
Salaries and employee benefits	(26.9)	(33.4)	24%	(38.4)	(43.8)	14%
Amortization, impairments, provisions and FV adj	(8.9)	(8.9)	-1%	(13.8)	(11.9)	-14%
Other operating expenses	(34.1)	(37.7)	11%	(49.0)	(51.6)	5%
Operating result	30.1	36.1	20%	38.8	53.2	37%
<i>Operating result % in Net Sales</i>	<i>7.2%</i>	<i>7.7%</i>		<i>6.7%</i>	<i>8.3%</i>	
Financial result	(2.8)	(2.7)	-1%	(3.7)	(3.3)	-10%
Profit before tax	27.3	33.3	22%	35.1	49.9	42%
Income tax expense	(4.0)	(6.3)	57%	(4.7)	(9.1)	93%
Net Profit for the year	23.3	27.0	16%	30.4	40.8	34%
<i>Net Profit % in Net Sales</i>	<i>5.5%</i>	<i>5.8%</i>		<i>5.3%</i>	<i>6.4%</i>	
EBITDA	38.2	44.1	15%	51.0	64.2	26%
<i>EBITDA % in Net Sales</i>	<i>9.1%</i>	<i>9.4%</i>		<i>8.8%</i>	<i>10.1%</i>	

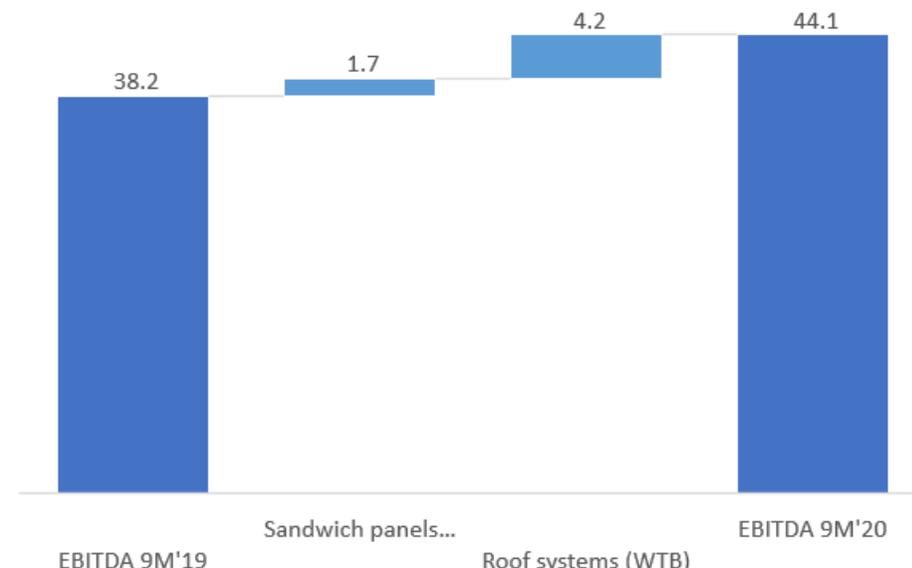
- Customary conditions for the transaction closing are on track
- Estimated value of the Steel division (headline price): RON 410 million – net debt +/- adjustments on the working capital

STEEL | NET SALES AND EBITDA BRIDGE 9M'2020 VS 9M'2019

STEEL | Net Sales Bridge 9M'20 vs 9M'19



STEEL | EBITDA Bridge 9M'20 vs 9M'19



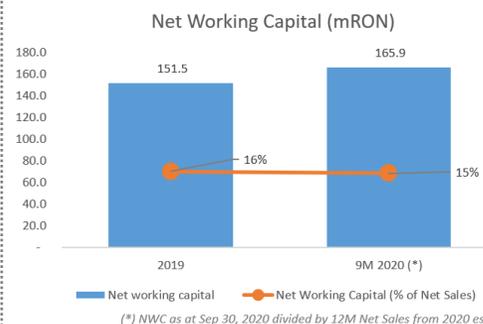
Segment	Steel Net Sales (mRON)				Steel EBITDA (mRON)				Steel EBITDA Margin (%)		
	9M'19	9M'20	vs 9M'19 (abs)	vs 9M'19 (%)	9M'19	9M'20	vs 9M'19 (abs)	vs 9M'19 (%)	9M'19	9M'20	vs 9M'19 (%)
Sandwich panels (TRS)	217.6	246.0	28.4	13%	24.9	26.5	1.7	7%	11.4%	10.8%	-6%
Roof systems (WTB)	202.1	222.7	20.6	10%	13.3	17.6	4.2	32%	6.6%	7.9%	19%
Total Steel Division	419.7	468.7	49.0	12%	38.2	44.1	5.9	15%	9.1%	9.4%	3%

Balance sheet (mRON)	2019	2020 9M	Plastic		Steel	
			@Sep'20	@Sep'20	@Sep'20	@Sep'20
Intangibles	44.0	44.5	43.5	1.0		
Tangible assets	296.9	299.2	187.6	111.6		
Other non-current assets	0.8	0.4	(2.0)	2.4		
Non-current assets	341.6	344.1	229.2	114.9		
Inventories	182.4	203.4	68.4	135.0		
Trade receivables	138.8	177.7	120.1	57.6		
Trade payables	(156.8)	(201.1)	(112.5)	(88.6)		
Trade working capital	164.4	180.1	76.1	104.0		
Other payables	(13.9)	(15.9)	(7.5)	(40.1)		
Other receivables	1.1	1.8	24.1	9.3		
Other working capital	(12.9)	(14.2)	16.6	(30.8)		
Net working capital	151.5	165.9	92.7	73.2		
Cash and cash equivalents	29.5	26.3	12.6	13.7		
Bank loans and leases	(212.4)	(163.3)	(107.7)	(55.6)		
Other non current liabilities	(15.8)	(9.6)	(9.7)	0.0		
Provisions	(1.1)	(1.1)	(0.7)	(0.4)		
Net (debt) / cash	(199.8)	(147.7)	(105.5)	(42.2)		
Subsidies	(17.3)	(30.5)	(20.4)	(10.1)		
Net assets	276.1	331.7	196.0	135.8		
Share capital	161.2	174.3	154.2	20.1		
Reserves	33.5	33.5	9.1	24.4		
Retained earnings	79.2	123.1	32.0	91.2		
Non-controlling interest	2.3	0.8	0.8	-		
Equity	276.1	331.7	196.0	135.8		

Investments 2019	mEUR
Installation (TRP)	6.9
Compunds (TRP)	2.0
Window profiles (TRP)	0.8
Sandwich panels (TRS)	1.0
Roof systems (WTB)	6.7
PVC Windows & Doors (TRG)	3.4
Total	20.8

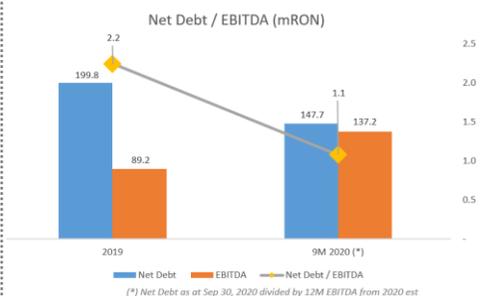
Investments in 2019

- We focused our investments in 2019 on the segments in need for margin improvement but also aimed to increase the overall capacity with great results visible through 2020;



NWC

- The significant increase in NWC in 2018 is mainly driven by steel inventory purchases near the end of 2018 to support the increase in business at the beginning of 2019;
- As a % of sales, NWC decreased each year as we're closely managing the working capital;
- Forecasted increase in NWC is in line with the overall development in our business with NWC/Sales expected to remain close to 17% by the end of 2020;



Net debt to EBITDA

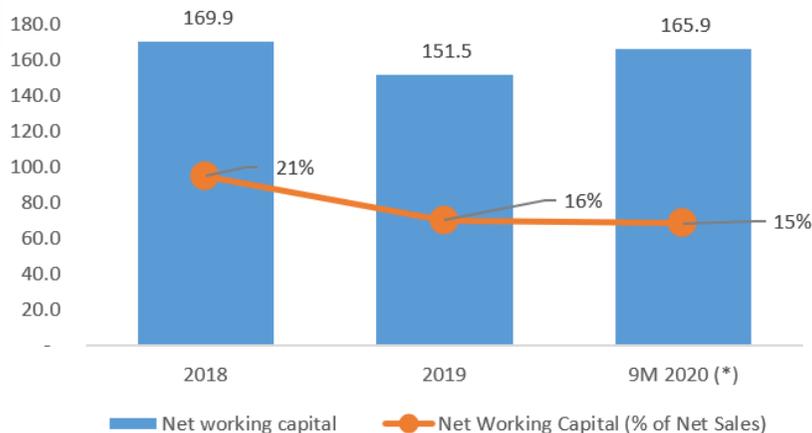
- with the significant improvements in EBITDA, we were able to use the cash generated to finance the investments while keeping the debt level low leading to a Net Debt to EBITDA of 2.1x in 2019;

Net debt structure

- Operating cash generated in 2019 (EUR 16m) was used mainly to finance the investments made through the year (EUR 2m); the remaining part was financed through debt;
- the split between short and long term financial debt is more balanced in 2020 as we took on the investment loan from EBRD;

NET WORKING CAPITAL AND CASH CONVERSION CYCLE

Net Working Capital (mRON)



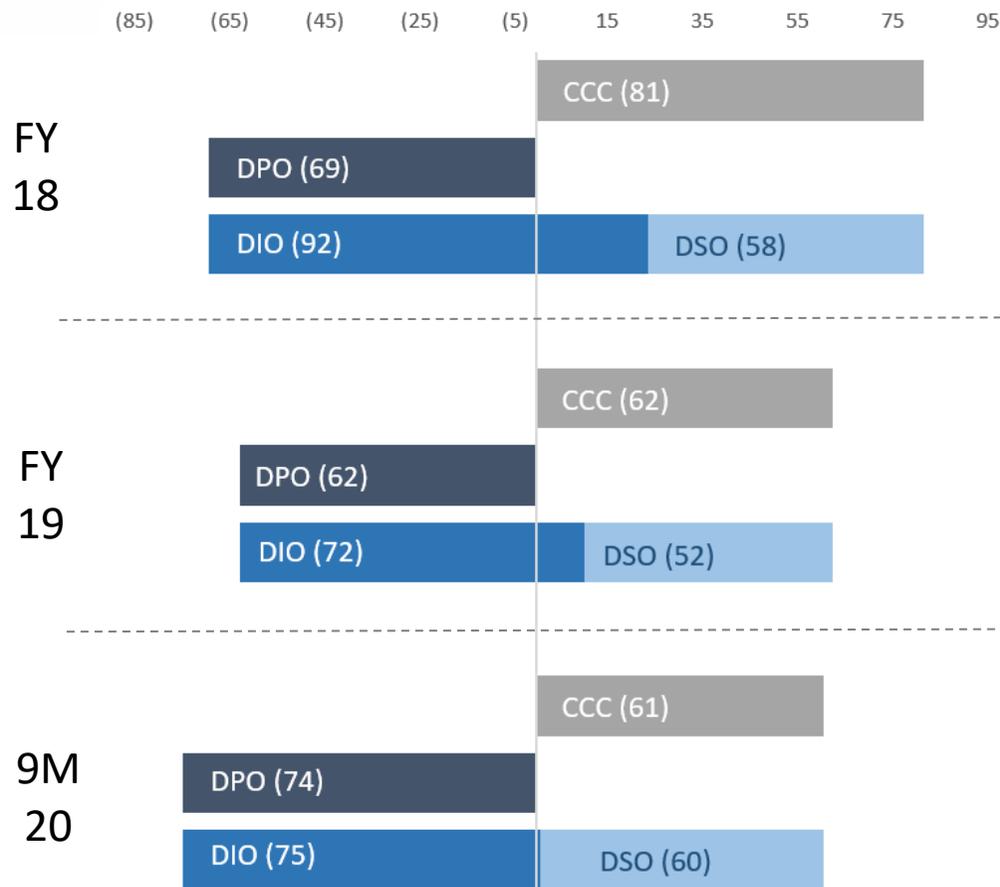
(*) NWC as at Sep 30, 2020 divided by 12M Net Sales from 2020 est

NWC

- The significant increase in NWC in 2018 is mainly driven by steel inventory purchases near the end of 2018 to support the increase in business at the beginning of 2019;
- As a % of sales, NWC decreased each year as we're closely managing the working capital;

CCC

- An improved credit policy, continuous improvements in warehouse and inventory management and a fair payable policy all led to a constant decrease of the cash conversion cycle;



Working capital management is at the top of our priority list at group level with KPI's being closely monitored and reviewed.

CASH FLOW SUMMARY

all amounts in mRON 2018 2019 9M 2020

Cash flows from operating activities

Net profit before tax	26.2	44.8	69.9
Amortization, impairments and provisions	30.8	34.0	27.1
Impairment of current assets	1.5	0.7	2.0
Gains/(losses) from sale, disposal or fair va	0.8	0.3	0.9
Dividend revenues	(0.1)	(0.1)	(0.0)
Interest expense	7.6	9.0	5.6
Gain from gaining control over an associate	-	-	-
Operating profit before changes in work	66.8	88.6	105.6
Impact of changes in NWC	(47.4)	1.0	(0.6)
Income tax paid	(3.2)	(6.0)	(5.0)
Interest paid, net	(7.6)	(9.0)	(5.6)
Other non cash items	(0.8)	0.9	(2.6)
Cash from operating activities	7.9	75.5	91.7

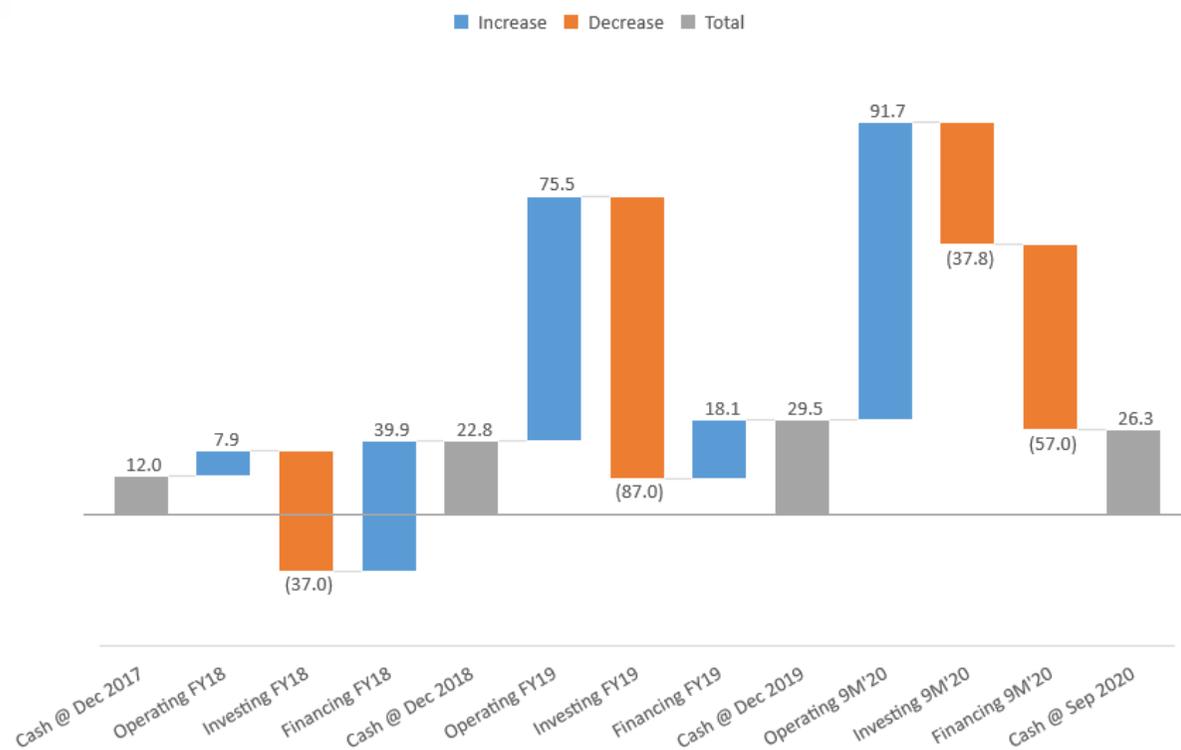
Cash flows from investments

Acquisition of tangible and intangible assets	(32.1)	(95.3)	(42.0)
M&A activity (net of purchased cash)	(6.2)	(4.8)	(20.4)
Proceeds form sale of tangible assets	2.0	1.0	8.7
Proceeds from state aid received	-	12.3	15.9
Share repurchase	(0.8)	(0.0)	-
Losses from share repurchase	-	(0.3)	-
Net cash from investments	(37.0)	(87.0)	(37.8)

Net cash from financing activities

Loan reimbursement	(16.0)	(23.0)	-
Loan drawings	12.9	32.7	19.1
Net drawings from credit lines	55.2	10.4	(76.7)
Dividends paid	(11.2)	(0.8)	-
Dividends received	0.1	0.1	0.0
Lease payments	(1.1)	(1.2)	0.6
Net cash from financing activities	39.9	18.1	(57.0)

Cash flow bridge 2018-9M'2020 (mRON)



Among the main drivers of improved liquidity in 2019:

- improved margins across the main segments (Instalation & Sadwich Panels);
- continuous improvements year over year of working capital (see relevant section below);
- Support from shareholders: reinvested the profit into the operations (no dividends declared in 2019 for 2018 profit);
- We've seen further improvement in cash flows in 2020 when we finalized investments started in previous years; we will consolidate in the following year;

QUESTIONS

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