

PRESS RELEASE

Teraplast Group: Financial results for the nine months ended September 2017

Teraplast reported a 4% increase of turnover in Q3 2017 in comparison to Q3 2016

Bistrita, 27 October 2017 – Teraplast Group, the largest processor of PVC in Romania and one of the main manufacturers on the constructions and installations market, has recorded a 4% increase of turnover in the third quarter of 2017 in comparison to the same period of the last year.

Teraplast Group comprises Teraplast SA (manufacturer of pipes, granules and PVC profiles), TeraSteel Bistrita and Terasteel Serbia (manufacturers of sandwich panels and galvanized metallic structures), Teraglass (manufacturer of PVC windows and doors), Teraplast Logistic (it coordinates the logistic activities of the Group), Teraplast Ungaria (distributer), Politub (manufacturer of polyethylene pipes) as well as the joint interest in Depaco* (manufacturer of metallic tiles).

Teraplast announces 122.962 thousand lei turnover in the third quarter of 2017 (turnover of 118.150 thousand lei in the third quarter of 2016).

Key indicators (RON thousand)	Jan-Sep - 2017	Jan-Sep - 2016	▼%
Turnover	294.634	310.909	(5)
EBITDA	32.909	47.267	(30)

Teraplast Group recorded a 294.634 thousand lei turnover in the first nine months of 2017 in comparison to 310.909 thousand lei during the same period of last year. EBITDA was 32.909 thousand in the first nine months of 2017 (47.267 thousand LEI recorded for the same period of 2016).

The first nine months of 2017 represented a milestone in the development of the Group, once the processor of sandwich panels Interlemin from Serbia was acquired. Interlemin was bought in June at a price of 4.3 million euro and we started series production this October. This is the first foreign company acquired after 1990 and fully owned by a Romanian organisation. Terasteel Serbia will cover the markets of Serbia, Bulgaria, Macedonia, Bosnia, Croatia, Montenegro, but also secondary markets such as Hungary, South of Romania, and the North of Greece. The production capacity of the new factory from Leskovac reaches over 2.2m square meters benefiting from the same brand new machinery as the factory from Bistrita does. For 2018 Terasteel Serbia targets 28 million euro in sales.

Additionally, in 2017 the Group acquired a 60% stake in Depaco, the second player on the metallic tiles market through Wetterbest brand. The Group also took over Politub, one of the most significant players on the water and gas pipes market which was fully integrated in the Teraplast portfolio in October.

These three acquisitions lead to an increase in the investment plan for 2017 with more than 14%; from 84 million lei to 96 million lei.

**The stake of 50% in Depaco was acquired in the first part of the year, being followed by a 10% stake acquisition. As of 30 September 2017 the ownership recorded in the Trade Registry was 50% and therefore, Depaco is jointly controlled.*



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TeraPlast

TERAPLAST S.A.

Parc Industrial TeraPlast

DN 15A, km 45+500, Cod. 427298, Jud. Bistrița-Năsăud

Tel: 0374 46 15 29; Fax: 0263 23 12 21

CUI: RO3094980; J6/735/1992

Capital social subscris și vărsat: 85.691.097 lei

www.teraplast.ro

Mirela Pop, CEO of Teraplast: „The first nine months of this year have come with new challenges and opportunities for Teraplast which has continued its development strategy supported by a series of very important acquisitions. The takeover of Depaco, Politub and the expansion of the Group in Serbia through the acquisition of Leskovac factory are embedded in a broader widening approach to diversifying our activities”.

A positive contribution to the evolution of the consolidated earnings of the Teraplast group, was that of Terasteel, which in January-September 2017 reported a 37.740 thousand lei turnover with a 27% increase compared to last year. TeraSteel's EBITDA increased by 15% in the first nine months of 2017 in comparison to the same period of 2016.

Cosmin Patroiu, CEO of TeraSteel: „ The increase in Terasteel's turnover for these first nine months of 2017 indicates a consolidated and dynamic business and this pace will be kept in the next periods. The significant evolution recorded during this timeframe is a result of a sustained development strategy which we still target in the future. The launch of Terasteel Serbia this month comes as a confirmation of the engagement to expand and consolidate our position as a key player on this market. This investment adds value to the group and will significantly contribute to strengthening our business”.

Depaco's business has also increased in these first nine months of 2017.

Valeriu Irimescu, CEO of Depaco: "The growth of Depaco' turnover in the first nine months of 2017, by more than 45% compared to the same period of 2016 is the result of the implementation of a strategy which meets the consumption growth in the residential segment. The strong partnership with Teraplast's shareholders helps us to be optimistic in regard to the growth of Depaco's business in the future. At the same time, we are confident that the future of our companies will continue to be based on a very good collaboration, in alignment with a strategic vision shared by all of Depaco's shareholders. "

Teraplast Group activates on the fittings and decorations markets, joinery profiles, sandwich panels and galvanized metal structures, heat insulating joinery and PVC compound and holds top positions on the majority of these markets. The Teraplast parent company is market leader on the outer sewerage and compound segments, and the second player on the domestic sewerage market. TeraSteel subsidiary is the second player in the sandwich panel market and the market leader in galvanized metal structures.

Significant events in the first nine months of 2017

- ✓ The Board of Directors of Teraplast decided in **January** 2017 to set up a company in Serbia, the purpose of it was the development of the Teraplast Group on the Serbian market.
- ✓ Plastsistem subsidiary changed its name and became TeraSteel in **January**.
- ✓ Cosmin Patroiu was appointed General Manager of TeraSteel in **February**.
- ✓ Teraplast signed the agreement for the acquisition of 50% share in Depaco, the second player on the metallic tiles market through Wetterbest brand in **March**.
- ✓ Teraplast's Board of Directors appointed Mirela Pop as the general manager of Teraplast in **May**.
- ✓ In **June** Teraplast acquired a sandwich pannels factory in Serbia. The new plant will double the production capacity of the Teraplast Group's panels.
- ✓ Ioana Birta was appointed Financial Director of the Teraplast Group In **June**.
- ✓ In **August**, Teraplast and TeraSteel subsidiary signed a share sale and purchase agreement with New Socotub S.A., France, for the acquisition of the 50% stake in Politub S.A. The Group ownership in Politub SA thus becomes 100%.
- ✓ Teraplast agreed to acquire an additional 10% stake in Depaco in June. This stake is not yet registered with the Trade Registry at 30 **September** 2017.



- ✓ An increase of the Group's 2017 investment plan with over 14% from 84m LEI to 96m LEI was agreed in **September**.
Sorin Olaru, Managing Partner of Cetus Capital, and RSL Capital Advisors SRL joined the Teraplast Board of Directors in **October**.
- ✓ Teraplast announced the completion of the Politub acquisition process in **October**.
- ✓ In **October** Teraplast officially launched TeraSteel Serbia, the first romanian factory opened abroad after 1990.

The Report for the III Quarter of 2017 can be found on the www.teraplast.ro website, Investors / Financial Reports section and can be accessed in the following link: <http://www.teraplast.ro/investitori/rapoarte-financiare/>