

PRESS RELEASE

TeraPlast Group: Doubles its turnover in the first nine months of 2018

Bistrita, October 29, 2018

TeraPlast Group, one of the largest manufacturers of building materials in Romania, registered a consolidated turnover of 590.5 million lei in the first nine months of 2018, up 100% over the same reported turnover of the last year. Furthermore, the consolidated EBITDA increased by 60%, from 32.9 million lei to 52.8 million lei.

Each business line continued its organic growth, a result of Group's strategy which focused on developing the distribution network, increasing its presence on European markets as well as developing new products and respectively customers portfolio. Moreover, EBITDA reached 9% compared to 8.4% in the first six months.

Ioana Birta, TeraPlast Group CFO: *The results of the first nine months of 2018 are in line with our strategy to focus on increasing business efficiency and improving profit margins for all of the Group's companies, alongside the complex process of integration of the companies acquired last year. In addition, our efforts were adapted to the evolution of the market segments we are addressing.*

Main indicators, thousands lei

Consolidated results	Q3 2018	Q3 2017	Increase
Turnover	590,483	294,633	100%
EBITDA	52,762	32,909	60%
Steel division	Q3 2018	Q3 2017	Increase
Turnover	349,999	113,740	208%
EBITDA	31,739	14,398	120%
Plastics division	Q3 2018	Q3 2017	Increase
Turnover	240,483	180,893	33%
EBITDA	21,023	18,510	14%



The **Steel division** which consists of TeraSteel Serbia, TeraSteel Romania and Depaco, generated a significant increase in turnover exceeding 350 million lei the first nine months of 2018 more than three times the value of the last year reference period. At the same time, EBITDA of the division more than doubled its value from January to September 2017, reaching 31.7 million lei (+ 120%).

In terms of constant investment, diversification of products portfolio and sales on foreign markets - currently at 40% of total production - the upward trend in which the Steel division will continue for the coming period. The effects of optimization are visible in the performance of all three companies. In the third quarter of 2018, Depaco generated 39.3% higher sales than in the second quarter.

Just one year after its inauguration, TeraSteel Serbia recorded a sales volume of over 1 million square feet of polyurethane foam insulated panels and more than 100,000 linear meters of self-supporting pleated metal tile, totaling over 13 million euros. The total investment in this production unit is over 6 million euros, the company's latest investment being the new module for the production of mineral wool thermal insulation panels, the planned production counter 300,000 square meters in 2019.

At the same time, TeraSteel Romania and TeraSteel Serbia recorded outstanding performance in the first nine months of 2018, producing and delivering over 2 million square meters of thermal insulation panels.

The Plastics Division, which includes the production of PVC, polyethylene and polypropylene installations systems, thermo-insulating joinery and PVC compounds, recorded in the first nine months of 2018 sales of 240.5 million lei and EBITDA 21 million lei, an increase of 33% and 14%, compared to the same period of 2017.

In July 2018, TeraPlast SA launched the campaign *Clean Water is Life*, which aims to bring to the forefront the importance of using quality pipes in water transport, as well as the impact that an old and damaged system can have on health. The Politub PE-100RC pipe is an environmentally friendly solution, and the savings made using this system compared to other similar solutions can reach up to 15%. Estimated sales for this system are 6 million linear meters in 2018 (+ 50% versus 2017).

In addition, TeraPlast's pipes business line is a supplier in infrastructure projects funded through OHIM, NRDP and the European Agricultural Fund for Rural Development and budget funds.

The recycling business, the result of an investment of euros 3.8 million, places TeraPlast in the top 10 rigid PVC recyclers at European level and is the number one nationwide, with an annual processing capacity of 12,000 tons.

In September 2018, the recycling facility operated at full capacity, processing over 900 tons of rigid PVC.

TeraPlast Group aims to continue investing. To support this strategy it submitted in September, three projects worth EUR 15 million, through the State Aid Scheme for stimulating investments with a major impact on the economy. The objective of the investments is the purchase of machinery and equipment to increase the production capacity of existing products, portfolio diversification and the establishment of new production units within three Group companies - TeraPlast, Depaco and TeraGlass. In the context of approval, projects will create 159 new jobs.



TeraPlast Group Details:

With a tradition of over 120 years, TeraPlast Group is currently one of the most important manufacturers of materials for construction industry. The Group's product portfolio is structured on six business lines: Installations & Design, Window Profiles, Gompound, Thermal insulating panels, Windows & Doors and Metallic Tiles – by Wetterbest brand. TeraPlast Group opened in October 2017 TeraSteel Serbia, the first factory wholly owned by a Romanian company, inaugurated after 1990.

Starting 2 July 2008, the Group's biggest company – TeraPlast SA – has been listed on Bucharest Stock Exchange under the symbol TRP.

The report for Q3 2018 can be found on the website www.TeraPlast.ro / Investors / Financial Reports section and can be accessed in the following link:

<https://www.teraplast.ro/en/investors/financial-reports/>

