# Romania Investors Day

London

February 26-27, 2020

TERA PLAST GROUP

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# TERAPLAST GROUP STRUCTURE

**The largest Romanian construction materials manufacturer.**

**BBG Ticker TRP RO**

**BSE symbol: TRP**

**TeraPlast**

Piping, fittings and other products made of PVC, PE and PP | PVC Compounds | PVC window profiles
#1 on the exterior sewage market in Romania
#1 on the PVC compounds market in Romania
Among top 5 players on its market segments
Listed on the Bucharest Stock Exchange since July 2008

**98% – TeraSteel**

Sandwich panels and non-residential buildings elements
Leader on the sandwich panels and galvanized steel purlins in the CEE area.

**100% – TeraSteel Serbia**

Producer of sandwich panels and trapezoidal sheet
The first fully Romanian privately owned production unit opened abroad after 1990

**100% – wetterbest**

Producer of complete roof systems and trapezoidal sheet
One of the leaders on the Romanian roofing market

**100% – TeraGlass**

Producer of PVC and Aluminum windows and doors

**100% – TeraPlast Recycling**

Rigid PVC recycler
#1 rigid PVC recycler in Romania and in top 10 in Europe

**100% – TeraPlast Hungary**

Distributor of PVC window profiles' business line products in Hungary

TERA PLAST GROUP

# PRODUCT PORTFOLIO COVERS ALL CONSTRUCTION MARKET SEGMENTS

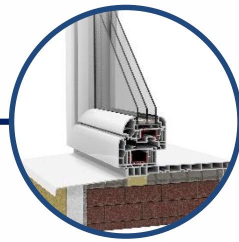
## TeraPlast – Installation

Complete systems for:
- Exterior sewage
- Water & gas
- Interior sewage
- Electric cable protection
- Rainwater & wastewater management

Leader on the exterior PVC sewage market

Residential
Non-residential
Infrastructure

## TeraPlast – Window profiles



3 window profiles systems:
- 4 chambers
- 6 chambers
- 7 chambers

8% market share (RO)

Manufacturing

## TeraPlast – Compounds

- Rigid PVC compounds
- Plasticized PVC compounds
- HFFR compounds – NEW product (2020)

Market leader in Romania
34% market share

Manufacturing

## TeraGlass windows & doors – Windows & Doors

- PVC Windows
- PVC Doors
- Facades & Terraces
- Aluminum accessories

Over 80% exports annually

Residential
Non-residential

## TeraPlast Recycling – Rigid PVC recycling

- Granulated PVC compounds
- Micronized PVC

The largest Romanian rigid PVC recycler & in top 10 in Europe

Manufacturing

# PRODUCT PORTFOLIO

TERA PLAST GROUP

## PRODUCT PORTFOLIO COVERS ALL CONSTRUCTION MARKET SEGMENTS

TeraSteel

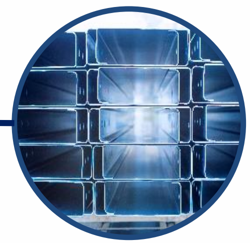
### Sandwich panels

- Polyurethane foam sandwich panels
- Mineral wool sandwich panels
- Lead turnkey halls
- Metal accessories

Non-residential

TeraSteel

### Galvanized steel purlins



- Z, C, U & Sigma galvanized steel purlins
- Joinery profiles accessories

Non-residential

TeraSteel Serbia

### Self-supporting trapezoidal sheet

- Corrugated sheet of 153mm

Non-residential

wetterbest PE FIECARE CASĂ

### Complete roof systems

- 5 metallic roof tiles profiles
- 4 types of self-supporting trapezoidal sheet
- Complete roof accessories

Residential
Non-residential

# GROUP OVERVIEW

## HIGHLIGHTS

TERA PLAST GROUP

| Teraplast SA | |
|---|---|
| BBG Ticker: | TRP RO |
| Market Cap (EUR mn) | 88,91 |
| ADT ( EUR '000) - 1M | 239,7 |
| Price to Earnings | 10,1 |
| Price to Book | 1,5 |
| EV/EBITDA | 6,5 |

www.teraplast.ro/en/investors/

| ADTV (EUR '000) | |
|---|---|
| 1W | 355.22 |
| 1M | 239.69 |
| 3M | 153.12 |
| 6M | 75.83 |
| 12M | 25.68 |

Market Making started as of 12.2.2020

## Key Business performance 2018-2020B

| | Net Sales (mEUR) | | | EBITDA (mEUR) | | | EBITDA Margin (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| Segment | 2018 | 2019 | 2020B | 2018 | 2019 | 2020B | 2018 | 2019 | 2020B |
| Instalation (TRP) | 37.3 | 50.5 | 59.8 | 2.1 | 5.3 | 7.0 | 5.7% | 10.5% | 11.7% |
| Compunds (TRP) | 13.6 | 13.5 | 15.9 | 1.6 | 1.6 | 1.6 | 11.5% | 11.9% | 10.4% |
| Window profiles (TRP) | 12.0 | 12.9 | 18.7 | 0.7 | 0.9 | 1.9 | 6.2% | 6.8% | 10.4% |
| Sandwich panels (TRS) | 56.3 | 65.1 | 73.8 | 5.7 | 7.9 | 9.3 | 10.1% | 12.2% | 12.6% |
| Roof systems (WTB) | 47.5 | 56.9 | 82.9 | 3.1 | 3.2 | 9.1 | 6.6% | 5.6% | 11.0% |
| PVC Windows & Doors (TRG) | 6.2 | 6.1 | 10.7 | 0.7 | 0.3 | 1.3 | 11.2% | 4.9% | 11.7% |
| **Total TRP Group** | **172.9** | **205.0** | **261.7** | **13.9** | **19.2** | **30.2** | **8.1%** | **9.4%** | **11.6%** |

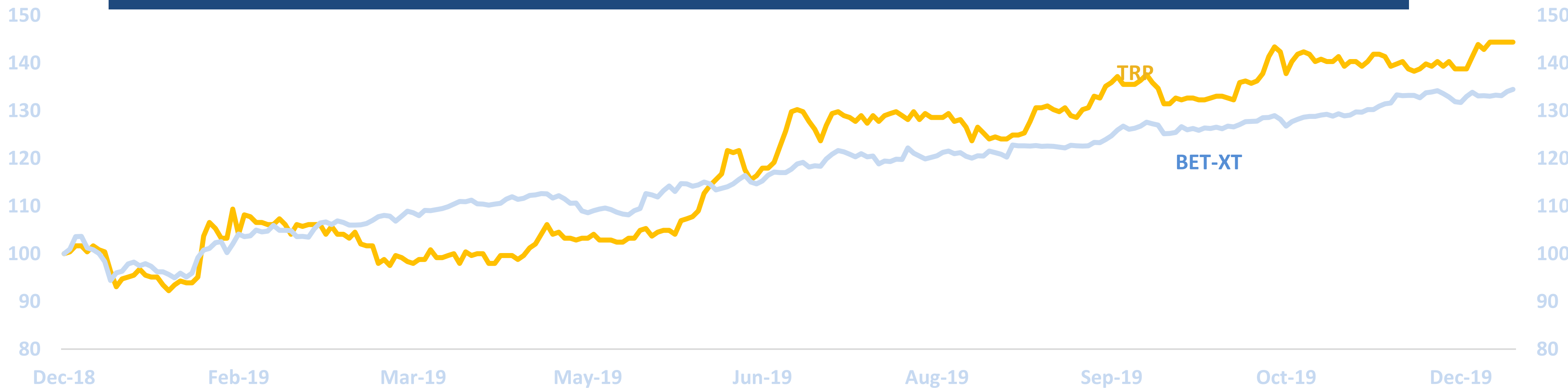
| ***Net profit*** | 2018 | 2019 | 2020B |
|---|---|---|---|
| **Net profit TRP Group** | **4.9** | **8.8** | **20.9** |
| *Net profit margin TRP Group* | *2.8%* | *4.3%* | *8.0%* |

| ***Net debt*** | 2018 | 2019 | 2020B |
|---|---|---|---|
| ST Debt | 26.4 | 33.0 | 32.8 |
| LT Debt | 15.4 | 13.8 | 9.3 |
| Cash | (4.9) | (6.1) | (21.0) |
| **Net debt** | **36.9** | **40.6** | **21.1** |
| *Net debt / EBITDA* | *2.6x* | *2.1x* | *0.7x* |

## Shareholder Structure

| Shareholders | 30.09.2019 |
|---|---|
| D. Goia | 46.83% |
| KJK Balkan Holding Sarl | 10.05% |
| NN Pension Fund | 6.66% |
| Marley Magyarorszag | 7.93% |
| Free Float | 28.53% |

## Stock Price Performance vs Benchmark



## GROUP OVERVIEW

# GEOGRAPHICAL FOOTPRINT

TERA PLAST GROUP

**TeraPlast Group's exports represent 23% of its turnover in 2019**

- Which means around EUR 47 million in 2019
- To over 25 countries
- Cover a population of 19.5 million in Romania and 66 million in core CEE countries

**Assets**

- 11 factories that sum up over 75 200 sqm in building surface
- 5 production sites that sum up over 330.000 sqm in surface
- 8 warehouses and showrooms


Optimal distribution range - RO    Optimal distribution range - RS

# CONSTRUCTION SECTOR IN ROMANIA[1]

TERA PLAST GROUP

## Evolution of construction works in RO

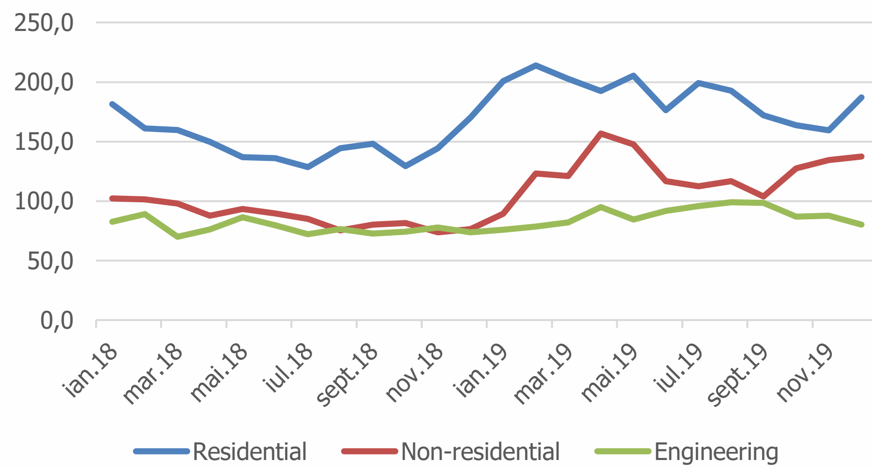
**In 2019, the total construction works volume increased by 27,6% compared to 2018.**

The biggest growth, by structure elements, was registered by the **new construction works** (+32,5%), followed by maintenance & current repairs (+26,3%) and capital repairs (+0,9%).

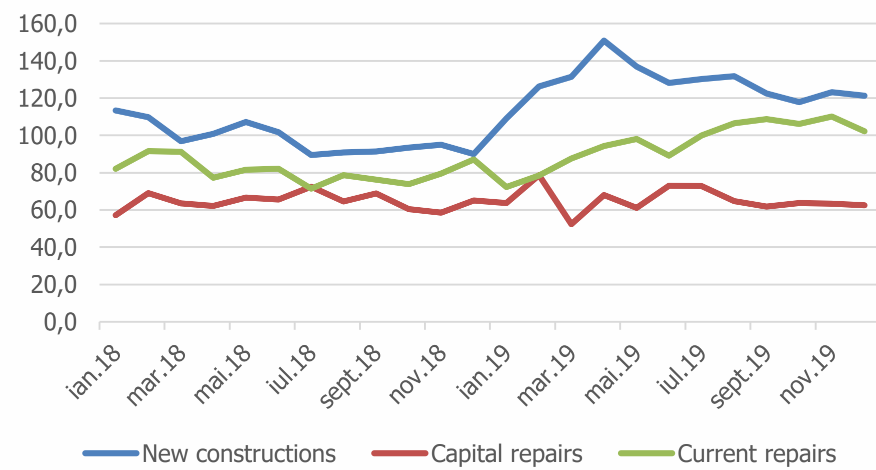
By construction objects, the biggest increase was registered by the **non-residential buildings** (+49,1%), residential buildings (+26,2%) and engineering (+16,6%).

In the last 2 years, on the residential sector, the number of construction permits decreased by 0,4% (2019 vs 2018) while the surface of the new buildings rose by 13% (2019 vs 2018).
For the non-residential sector, namely the office and logistic buildings stock, that rose by almost 50% in 2019, CBRE Romania estimates that the largest regional cities concentrate cca 27% of the total non-residential surface delivered in 2019 (cca 600k sqm).

## Monthly evolution of construction works by construction objects




## Monthly evolution of construction works by structure elements




1 - INS Data

# ROMANIA

TERA PLAST GROUP

## Country highlights

- Full EU member since 2007 with a strategic positioning
- The **8th largest European country by population and 2nd in CEE**
- **Macroeconomic stability and investment grade**
- Investors benefit from **access to financial support from the EU structural funds**
- **Elevated political transparency**
    - Gaining praise from the EU
    - Government expected to avoid abrupt economic decisions going forward
    - Shift to business-friendly policies
        - Civil Servant reductions
        - Support to corporates

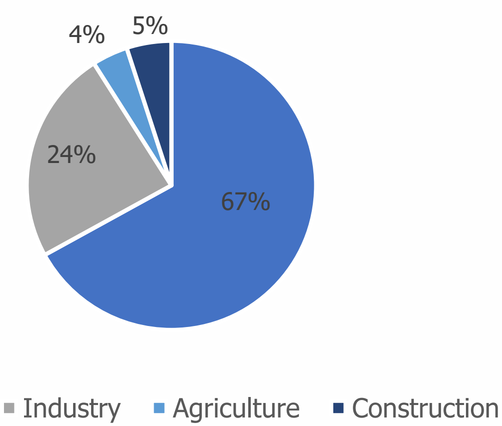
## Main macro parameters[1]

| Key figures | 2016A | 2017A | 2018A | 2019F | 2020F |
|---|---|---|---|---|---|
| GDP (€ bn) | 170.4 | 187.5 | 202.1 | 217.3 | 235.0 |
| Population (m) | 19.8 | 19.6 | 19.5 | 19.5 | 19.5 |
| GDP per capita (€) | 8,622 | 9,547 | 10,352 | 11,163 | 12,076 |
| Real GDP growth (%) | 4.8% | 7.0% | 4.1% | 4.2% | 2.6% |
| Unemployment rate (%) | 5.9% | 4.9% | 4.2% | 3.9% | 4.4% |
| Private Consumption | 7.9% | 10.0% | 5.2% | 5.1% | 3.2% |
| Public debt (% GDP) | 37.3% | 35.2% | 35.1% | 36.0% | 36.8% |
| CPI (pavg) | - 1.5% | 1.3% | 4.6% | 4.1% | 3.6% |
| Monthly wage (EUR) | 643 | 724 | 965 | 1,084 | 1,132 |
| EUR FX rate (eop) | 4.54 | 4.66 | 4.66 | 4.78 | 4.85 |
| Construction (% GDP) | 6.0% | 5.6% | 5.4% | 6.6% | 6.7% |

## Macro overview

- **Among fastest growing EU economies for the last two consecutive years**
- **Economic growth is expected at 4.2% in 2019 and 2.6% in 2020**
- **Growth of the Romanian economy will continue to fuel the construction sector which is an important contributor to GDP (historically at an average level of 5%)**
- **Increase in disposable income (levels of >10% yoy in the last 2 years) leading to increased spending in renovations and infrastructure.**

## GDP Contributors (2018 breakdown) [1]




1 - UniCredit Data

# MANAGEMENT TEAM

TERA PLAST GROUP

## Experienced management team

### Board of Directors

**Mihaela Anca**
**Group HR Director**

- HR Director since January 2019
- More than 10 years of experience in HR

**Alexandru Stanean**
**CEO TeraPlast Group**

- CEO since July 2018
- In his 2nd mandate
- Within the Group since 2006

**Ioana Birta**
**CFO TeraPlast Group**

- CFO since June 2017
- ACCA & CAFR member
- More than 10 years of experience in auditing

**Ioana Borza**
**Group Marketing Director**

- Marketing Director since May 2018
- More than 15 years experience in marketing

**Cosmin Patroiu**
**TeraSteel CEO**

- CEO since February 2017
- More than 15 years of experience in sales both locally and abroad on the construction sector market

**Marian Pirvu**
**Wetterbest CEO**

- CEO since January 2019
- More than 20 years of experience on the market
- Strong international expertise

**Bela Varga**
**TeraGlass CEO**

- CEO since July 2019
- More than 20 years of experience on the international thermal insulating joinery market

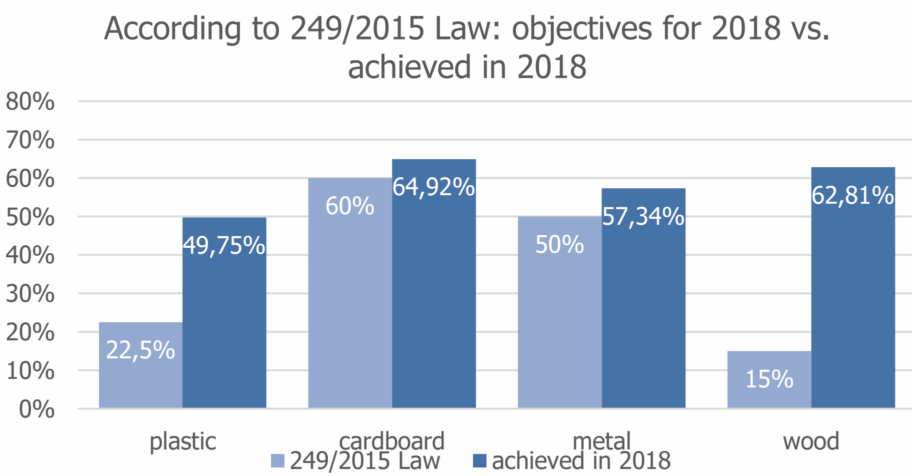
**Zoran Cvijovic**
**TeraSteel Serbia CEO**

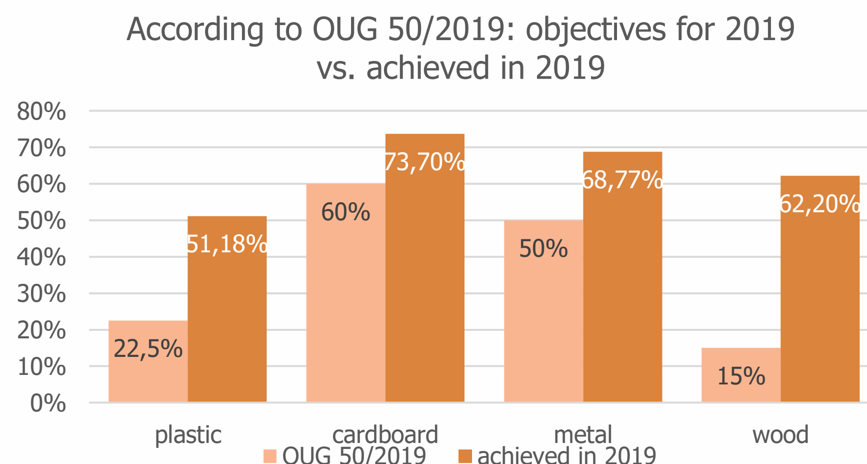
# ESG – ENVIROMENTAL, SOCIAL AND CORPORATE GOVERNANCE

TERA PLAST GROUP

## Efficient solutions for people and the environment

- Women senior managers represent 37% of the Executive Team and 20% of the Board of Directors
- Sustainable development of the Group's activity through:
  - Photo-voltaic plant that will ensure cca 11.5% of the necessary energy for the Saratel Industrial Park and will reduce, on long term, the CO2 emissions by 600.000 tons per year
  - Permanent monitoring of the product portfolio performance and recipe development
  - Using recycled PVC in certain production processes, without influencing the products' characteristics & quality
  - The rigid PVC recycling factory with an annual capacity of 12.000 tons
  - Active multi-level community involvement through the *Building Romania Together* CSR platform by three main areas: Education, Social, Health & Environment
  - Permanent monitoring of the waste management. The Group surpasses annually the legal objectives of waste management



# 2019 KEY FIGURES

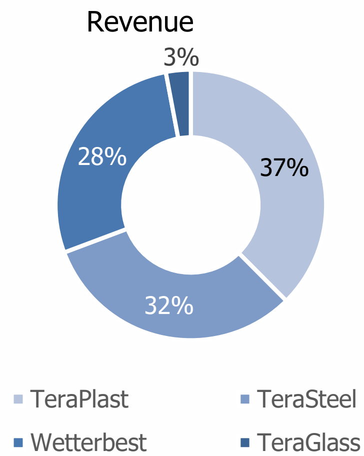
TERA PLAST GROUP

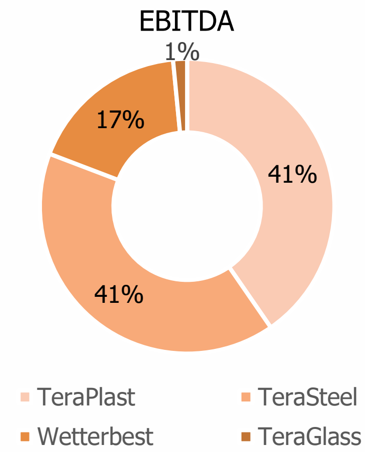
## TERAPLAST GROUP 2019

### 2019 Results

| *eur, million* | | 2019 | 2018 | Evolution |
|---|---|---|---|---|
| **TeraPlast** | Revenue | 76,9 | 62,9 | 25% |
| | EBITDA | 7,8 | 4,4 | 80% |
| **TeraSteel** | Revenue | 65 | 56,3 | 18% |
| | EBITDA | 7,9 | 5,7 | 42% |
| **Wetterbest** | Revenue | 56,9 | 47,5 | 22% |
| | EBITDA | 3,2 | 3,1 | 4% |
| **TeraGlass** | Revenue | 6,1 | 6,2 | 0% |
| | EBITDA | 0,3 | 0,5 | -43% |
| **TeraPlast Group** | **Revenue** | **205** | **172,9** | **21%** |
| | **EBITDA** | **19,2** | **13,9** | **41%** |

### Companies' proportion in the consolidated revenue

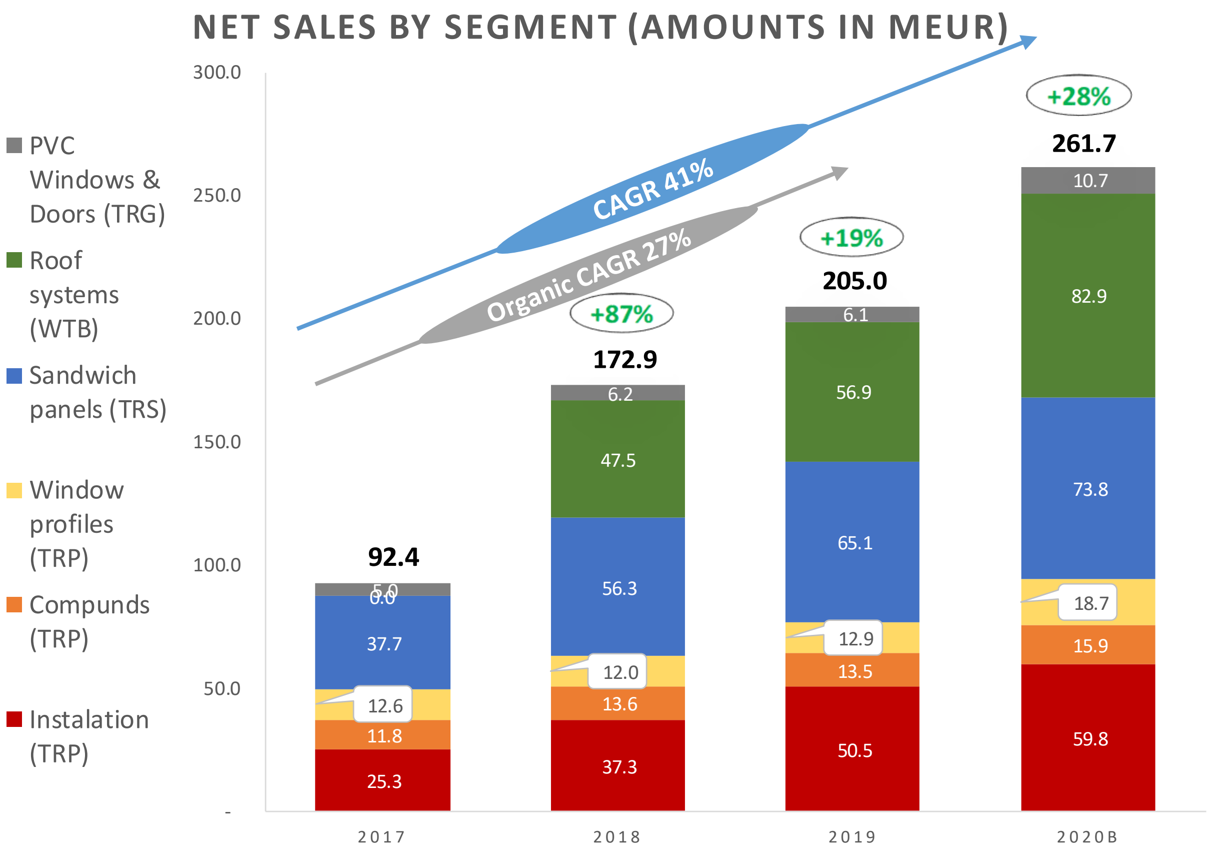



- The main focus was getting TeraPlast back into parameters, thus generating the largest increase in both revenue (+25%) and EBITDA (+80%)
- TeraSteel is the company with the best EBITDA margin
- The growth is due to the construction sector evolution and, regarding the Installation business line, to the infrastructure projects evolution
- The margin improvement of the sandwich panels segment is due to the operational and acquisition efficiency measures, as well as to the maturation of the Serbian business
- Wetterbest and TeraGlass eroded their profitability because of the massive investments in 2019, but are the main growth platforms in 2020

# FINANCIAL PERFORMANCE

## NET SALES BY SEGMENT




*With a focus on growth, organic CAGR for the period 2017 – 2019 is 27%. Including Wetterbest acquisition, the CAGR for the same period is 49%.*

**Teraplast (TRP)**:

- **[Instalation]** – as a market leader in 2019 for PVC Pipes, Teraplast was in the best position to win in the growing infrastructure market;
- **[Compounds]** – development plans includes HFFR (Halogen Free, Fire Resistant) production line for which we started pre-ramp up phase with customer trials and testing;
- **[Window profiles]** – facing challenges but revising business model to be closer to customers;
- **[Recycling]** – has provided an overarching activity enabling profitability growth**;**

**Terasteel (TRS)**

- **[Sandwich panels]** – FY18 growth was mainly driven by Terasteel Serbia which was operating throught the year (production started in Sept 2017). Net Sales increased from 1.6 to 12.6 mil EUR in 2018 to a further EUR 18.3 mil in 2019. Terasteel Romania increased by EUR 7.6 in FY18 vs 17 mainly due to increase in sales of PIR panels*. The increase in 2019 is of EUR 3 mil.

**Wetterbest (WTB)**

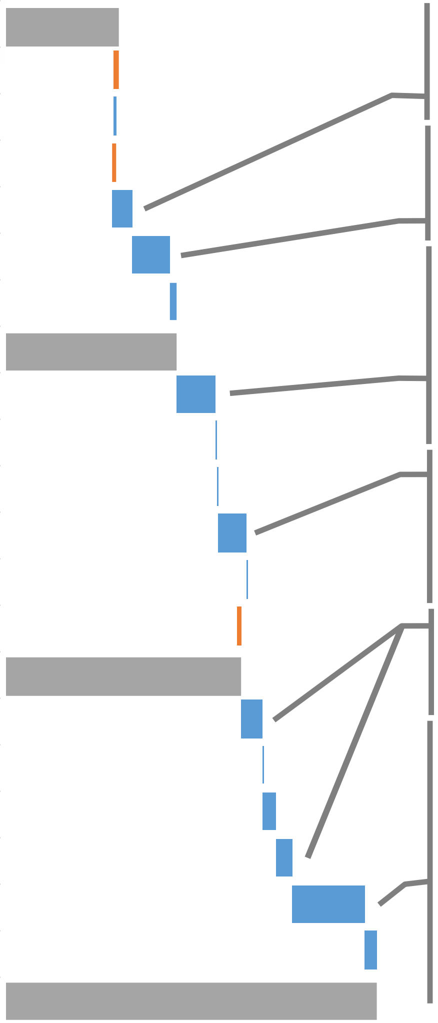
- **[Roof Systems]** – Development & relocation to the new production facilities impacted in 2019 the margins; Nevertheless we managed to increase sales by 20% so we are in a unique position to increase profitability in 2020 with the new factory, which will be operating from Q1 2020.

** PIR Panels – comprise panels with special slow burning polyurethane foam*

# FINANCIAL PERFORMANCE

## EBITDA BRIDGE 2017 - 2019

| | | mEUR |
|---|---|---|
| **TRP Group EBITDA 2017** | **Δ type** | **9.22** |
| Instalation (TRP) | Δ vs '17 | (0.39) |
| Compunds (TRP) | Δ vs '17 | 0.14 |
| Window profiles (TRP) | Δ vs '17 | (0.26) |
| Sandwich panels (TRS) | Δ vs '17 | 1.57 |
| Roof systems (WTB) | Δ vs '17 | 3.14 |
| PVC Windows & Doors (TRG | Δ vs '17 | 0.53 |
| **TRP Group EBITDA 2018** | | **13.94** |
| Instalation (TRP) | Δ vs '18 | 3.20 |
| Compunds (TRP) | Δ vs '18 | 0.05 |
| Window profiles (TRP) | Δ vs '18 | 0.13 |
| Sandwich panels (TRS) | Δ vs '18 | 2.24 |
| Roof systems (WTB) | Δ vs '18 | 0.05 |
| PVC Windows & Doors (TRG | Δ vs '18 | (0.40) |
| **TRP Group EBITDA 2019** | | **19.21** |
| Instalation (TRP) | Δ vs '19 | 1.69 |
| Compunds (TRP) | Δ vs '19 | 0.03 |
| Window profiles (TRP) | Δ vs '19 | 1.07 |
| Sandwich panels (TRS) | Δ vs '19 | 1.36 |
| Roof systems (WTB) | Δ vs '19 | 5.92 |
| PVC Windows & Doors (TRG | Δ vs '19 | 0.95 |
| **TRP Group EBITDA 2020B** | | **30.24** |



The EBITDA increase of EUR 1.57 million (38% vs. 2017) is mainly driven by the overall increase in business (49% increase in net sales) with margins slitghly lower (10.1% in FY18 vs 10.9% in FY17).

Wetterbest (Depaco) was consolidated starting with January 1st, 2018, when Teraplast obtained control of the subsidiary with the full year EBITDA of EUR 3.14 million positively impacting the Group results.

The increase in the volume of infrastructure projects is the main reason for the increase in EBITDA. The recycling business reached its normal productivity at the end of 2018, with benefits flowing throught the FY19 leading to a EUR 500k economy by using recycled material in PVC pipes and profiles.

The Serbian plant alone contributed with EUR 1.1 mil to the increase in EBITDA as it reached stable operations at the end of 2018 with full benefits in FY19. EBITDA Margin improvement from 10.1% to 12.2% is also due to improvements made in procurement and operational efficiencies.

For this year, our focus will be on improving margins - for Instalation from 10.5% in 2019 to 11.7% in 2020 and for Sandwich panels from 12.2% to 12.6% in 2020.

While the existing plant was operating close to full capacity, there was also little room for process improvement due to the overall facility design and legacy layout. The new production facility was designed to allow for significant improvements in both efficiency and effectiveness. Since phase 1 (EUR 5.8 mil out of 9.4 mil) was commissioned already in Dec 2019, we've included in the 2020 budget an important part of the benefits of operating in the new layout.

*In 2019 the Group picked the benefits of the investments made in recent years. Among these benefits: (a) having stable operations of Terasteel Serbia, (b) realizing an important part of the synergies from the acquisition of Wetterbest, (c) continuous product innovation in plastic division. Improved market conditions for the infrastructure projects was also a major part of our growth.*

# FINANCIAL PERFORMANCE

## PROFIT & LOSS SUMMARY

TERA PLAST GROUP

| P&L summary for the period | 2017 | 2018 | 2019 | 2020B |
|---|---|---|---|---|
| **Total Net Sales** | **92.4** | **172.9** | **205.0** | **261.7** |
| **Total Operating Income** | **93.3** | **173.3** | **205.4** | **262.8** |
| Raw materials, consumables & merchandise | (66.2) | (128.0) | (147.7) | (184.0) |
| Salaries and employee benefits | (8.8) | (14.7) | (18.0) | (22.8) |
| Amortization, impairments, provisions and FV a | (3.9) | (7.0) | (7.4) | (7.2) |
| Other operating expenses | (9.0) | (16.1) | (20.3) | (25.1) |
| **Operating result** | **5.3** | **7.5** | **12.0** | **23.7** |
| *Operating result % in Net Sales* | *5.7%* | *4.3%* | *5.9%* | *9.0%* |
| **Financial result** | **(0.8)** | **(1.9)** | **(2.3)** | **(1.7)** |
| Share of the result of joint ventures accounted | 0.1 | - | - | - |
| **Profit before tax** | **4.7** | **5.6** | **9.8** | **22.0** |
| Income tax expense | (0.6) | (0.8) | (1.0) | (1.1) |
| **Net Profit for the year** | **4.1** | **4.9** | **8.8** | **20.9** |
| *Net Profit % in Net Sales* | *4.4%* | *2.8%* | *4.3%* | *8.0%* |
| **EBITDA** | **9.2** | **13.9** | **19.2** | **30.2** |
| *EBITDA % in Net Sales* | *10.0%* | *8.1%* | *9.4%* | *11.6%* |

*The main driver of group sales growth of 87% in 2018 was the acquisition of Wetterbest (Depaco) which was consolidated since January 1st, 2018, when Teraplast obtained control of the subsidiary. In 2019 we grew organically (by 18.6%) our customer base and product lines while focusing on improving recipes and optimizing costs.*

# FINANCIAL PERFORMANCE

## BALANCE SHEET SUMMARY

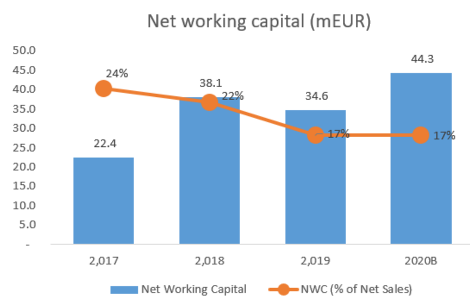
TERA PLAST GROUP

| ASSETS | 2017 | 2018 | 2019 | 2020B |
|---|---|---|---|---|
| ***Non-current assets*** | | | | |
| Property, plant and equipment | 39.9 | 45.9 | 61.1 | 54.0 |
| Investment properties | 2.1 | 1.8 | 1.5 | 1.5 |
| Intangible assets | 0.4 | 7.7 | 7.2 | 6.7 |
| Goodwill | - | 7.6 | 2.3 | 2.3 |
| Investments in JV - equity method | 8.7 | - | - | - |
| Other financial investments | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long term assets | 2.3 | 0.2 | 0.2 | 0.2 |
| **Total non-current assets** | **53.4** | **63.1** | **72.2** | **64.7** |
| ***Current assets*** | | | | |
| Inventories | 21.6 | 41.7 | 38.0 | 47.9 |
| Services WIP | - | 0.1 | 0.2 | 0.2 |
| Receivables | 19.3 | 27.3 | 29.1 | 35.7 |
| Prepayments | 0.1 | 0.2 | 0.2 | 0.3 |
| Cash and equivalents | 2.6 | 4.9 | 6.1 | 21.0 |
| **Total current assets** | **43.5** | **74.2** | **73.6** | **105.2** |
| Assets held for sale | 0.1 | 0.4 | - | - |
| **Total assets** | **97.1** | **137.7** | **145.8** | **169.8** |
| EQUITY AND LIABILITIES | 2017 | 2018 | 2019 | |
| ***Equity*** | | | | |
| Share capital, premium and other reserves | 24.1 | 28.8 | 33.7 | 33.7 |
| Reserves | 7.2 | 7.1 | 7.1 | 7.1 |
| Retained earnings | 16.8 | 14.7 | 17.1 | 38.0 |
| Non-controlling interests | 0.1 | 0.4 | 0.5 | 0.5 |
| **Total equity** | **48.2** | **51.1** | **58.3** | **79.3** |
| ***Non-current liabilities*** | | | | |
| Loans and finance lease liabilities | 16.1 | 15.4 | 13.8 | 9.3 |
| Other non-current liabilities | - | 10.5 | 2.0 | - |
| Employee benefit liabilities | 0.1 | 0.2 | 0.2 | 0.3 |
| Investment subsidies - LT portion | 0.5 | 0.8 | 3.4 | 5.6 |
| Deferred tax liabilities | 0.7 | 1.9 | 1.8 | 1.8 |
| **Total non-current liabilities** | **17.4** | **28.8** | **21.2** | **17.0** |
| ***Current liabilities*** | | | | |
| Trade payables | 18.5 | 31.1 | 32.9 | 39.9 |
| Loans and finance lease liabilities | 12.6 | 26.4 | 33.0 | 32.8 |
| Other current liabilities | - | - | - | - |
| Income tax payable | 0.1 | 0.1 | (0.1) | - |
| Investment subsidies - ST portion | 0.1 | 0.1 | 0.2 | 0.7 |
| Provisions | 0.2 | 0.2 | 0.2 | 0.2 |
| **Total current liabilities** | **31.5** | **57.9** | **66.2** | **73.6** |

| Investments 2019 | mEUR |
|---|---|
| Instalation (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** |

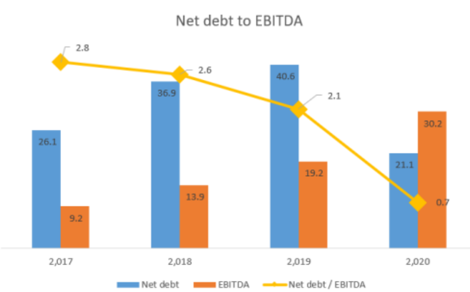
**Investments in 2019**

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




**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 at 17%;




**Net debt to EBITDA**

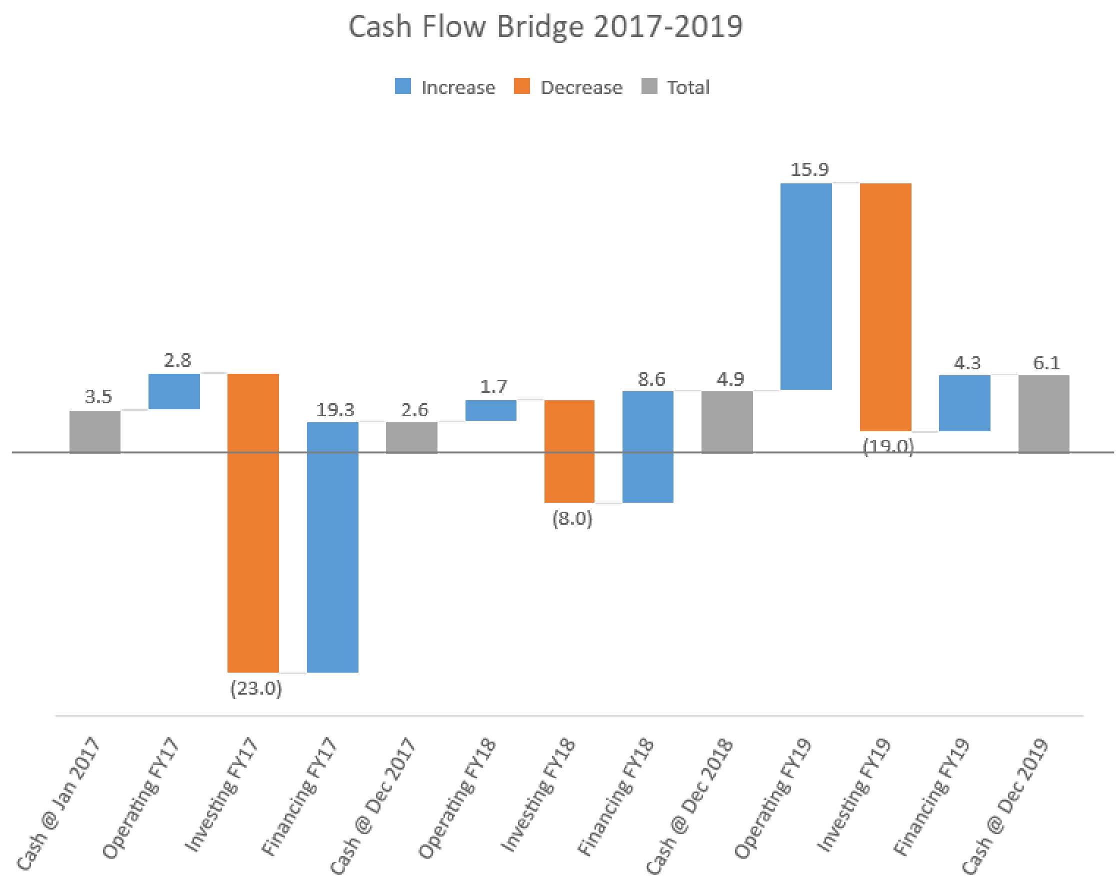
- with the significant improvements in EBITDA, we were able to use the cash generated to finance the investments while keeping the debt level low leading to a Net Debt to EBITDA of 2.1x in 2019;

**Net debt structure**

- Operating cash generated in 2019 (EUR 16m) was used mainly to finance the investments made throught the year (EUR 20 m - see CF slide); the remaining part was financed through debt;
- the split between short and long term debt will be more balanced in 2020 once we take on the investment loan from EBRD;

# CASH FLOW SUMMARY

| | 2017 | 2018 | 2019 |
|---|---|---|---|
| ***Cash flows from operating activities*** | | | |
| **Net profit before tax** | **4.7** | **5.6** | **9.8** |
| Amortization, impairments and provisions | 3.6 | 6.6 | 7.1 |
| Impairment of current assets | 0.3 | 0.3 | 0.2 |
| Gains/(losses) from sale, disposal or fair va | (0.0) | 0.2 | 0.1 |
| Dividend revenues | (0.0) | (0.0) | (0.0) |
| Interest expense | 0.6 | 1.6 | 1.9 |
| Gain from gaining control over an associate | (0.5) | - | - |
| **Operating profit before changes in work** | **8.6** | **14.3** | **19.0** |
| Impact of changes in NWC | (4.3) | (10.2) | 0.0 |
| Income tax paid | (0.6) | (0.7) | (1.3) |
| Interest paid, net | (0.6) | (1.6) | (1.9) |
| Other non cash items | (0.3) | (0.2) | 0.1 |
| **Cash from operating activities** | **2.8** | **1.7** | **15.9** |
| ***Cash flows from investments*** | | | |
| Acquisition of tangible and intangible assets | (12.5) | (6.9) | (20.8) |
| M&A activity (net of purchased cash) | (10.5) | (1.3) | (1.0) |
| Proceeds form sale of tangible assets | 0.1 | 0.4 | 0.2 |
| Proceeds from state aid received | - | - | 2.6 |
| Share repurchase | (0.1) | (0.2) | (0.0) |
| Losses from share repurchase | 0.0 | - | (0.1) |
| **Net cash from investments** | **(23.0)** | **(8.0)** | **(19.0)** |
| ***Net cash from financing activities*** | | | |
| Loan reimbursement | (3.8) | (3.4) | (4.8) |
| Loan drawings | 19.8 | 2.8 | 6.9 |
| Net drawings from credit lines | 5.6 | 11.9 | 2.2 |
| Dividends paid | (2.1) | (2.4) | (0.2) |
| Dividends received | 0.0 | 0.0 | 0.0 |
| Lease payments | (0.2) | (0.2) | 0.3 |
| **Net cash from financing activities** | **19.3** | **8.6** | **4.3** |




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);

## 2020 PERSPECTIVES

- 2020 focus will be on the ramp-up of the investments made in TeraPlast, Wetterbest and TeraGlass
- We have the highest expectations from Wetterbest and TeraGlass
- We're anticipating an increase in the projects made from European Funds wich will keep the demand for infrastructure projects strong
- TeraSteel Romania & Serbia will have moderate increases as they near full capacity
- We will see rising raw material prices for steel as well as for petrochemical products (PVC, Poliurethane, PE and PP)

# OPPORTUNITIES

**69.4%** of Romania's population is connected to a water network*

**35%** of Romania's population is connected to a gas network**

**52.7%** of Romania's population is connected to a sewage network*

**9.8 billion €** of the total EU funds allocated for large infrastructure projects (POIM) were contracted***

## Residential segment drivers

- The top 10 countries by home ownership dominated by countries from CEE, with Romania having the highest rate of home ownership in the world (~90%)
- Existing housing stock in Romania reached c. 9mn as of YE 2018
- Out of the total 9mn residential housing stock, c. 5mn individual houses out of which 40% are over 50 years old
- On average, Romanians replace their roof every 30 years and perform maintenance and repair more often than this
- Home ownership and old housing stock supporting constant growth in the maintenance and renovation repair works in the residential sector
- Increase in disposable income (levels of >10% yoy in the last 2 years) leading to spends in renovations
- Average cost of one metallic roof represents 1.5% of the cost of the construction allowing easy or accessible replacement when required

## Non-residential segment drivers

- Further growth in non-residential construction deliveries expected as retail & DIY chains continue their expansion plans as well as logistic and office spaces being on an increasing trend
- Modern retail & DIY is expected to continue its growth supported by increasing purchasing power of the Romanian population which boosts consumption and continues shift from traditional stores to modern retail which is on an upward trend
- Increase in deliveries of modern office spaces over the past 5 years with 2019 expected to bring a new record of deliveries totaling c. 0.5mn sqm especially in Bucharest which is expected to reach 3mn sqm (out of which 1mn built over the last 5 years)

*INS Data **Media estimates ***Official European Funds Ministry reports

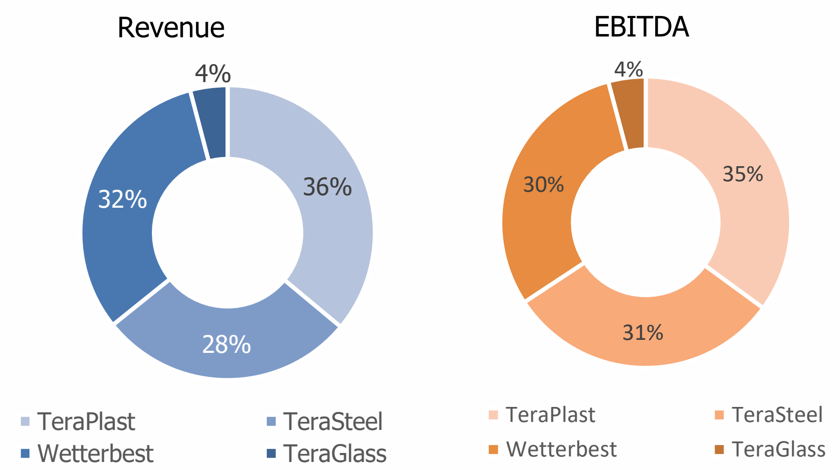
# 2020 OBJECTIVES

## TERAPLAST GROUP 2020

### 2020 Budget

| *eur, million* | | 2020 | 2019 | Evolution |
|---|---|---|---|---|
| **TeraPlast** | Revenue | 94,3 | 76,9 | 24% |
| | EBITDA | 10,6 | 7,8 | 37% |
| **TeraSteel** | Revenue | 73,8 | 65 | 15% |
| | EBITDA | 9,3 | 7,9 | 19% |
| **Wetterbest** | Revenue | 82,9 | 56,9 | 47% |
| | EBITDA | 9,1 | 3,2 | 189% |
| **TeraGlass** | Revenue | 10,7 | 6,1 | 79% |
| | EBITDA | 1,3 | 0,3 | 322% |
| **TeraPlast Group** | **Revenue** | **261,7** | **205** | **29%** |
| | **EBITDA** | **30,2** | **19,2** | **59%** |

### Companies' proportion in the consolidated revenue

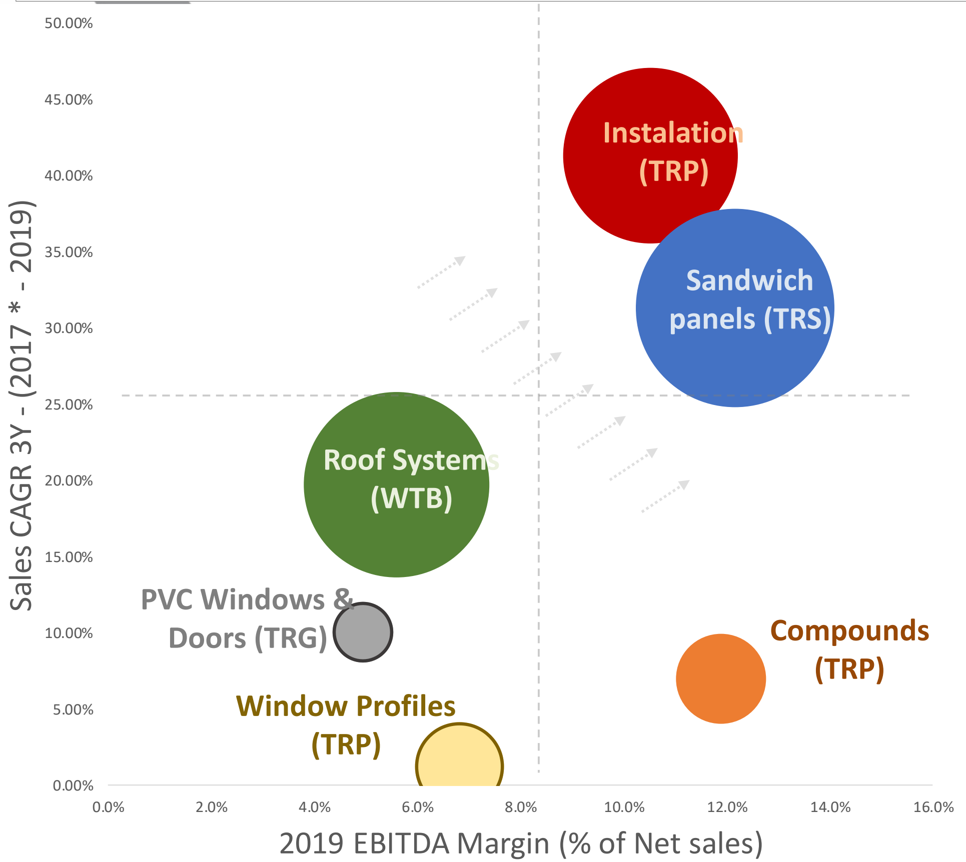



- Starting 2020, the investment projects in 2019 will show their effects
- The main contributors to the 2020 growth figures will be Wetterbest, TeraPlast and TeraSteel
- A significant increase in profitability is expected, EBITDA reaching over EUR 30 million based on profitability improvement of TeraGlass and Wetterbest

# NET SALES GROWTH (CAGR) / EBITDA MARGIN BY SEGMENT

TERA PLAST GROUP

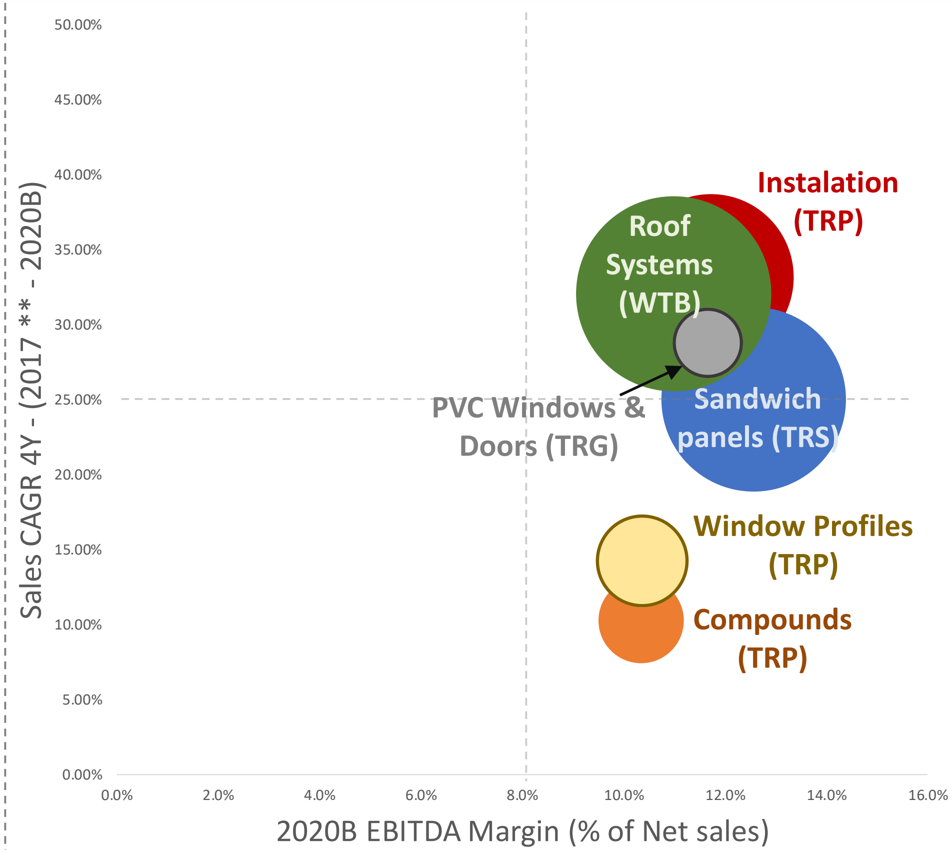
## 2017 - 2019




*Size of the bubble represents 2019 Net Sales*

** For Roof Systems, CAGR is computed for the 2 year period 2018 – 2019;*

## 2017 – 2020B



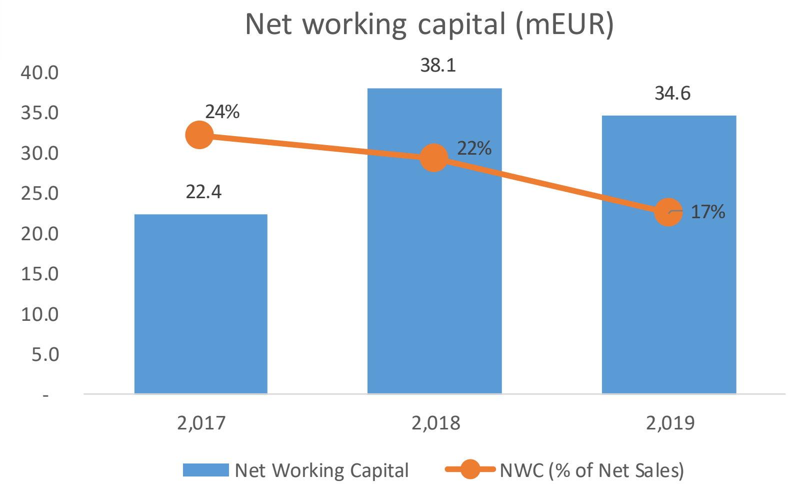

*Size of the bubble represents 2020B Net Sales*

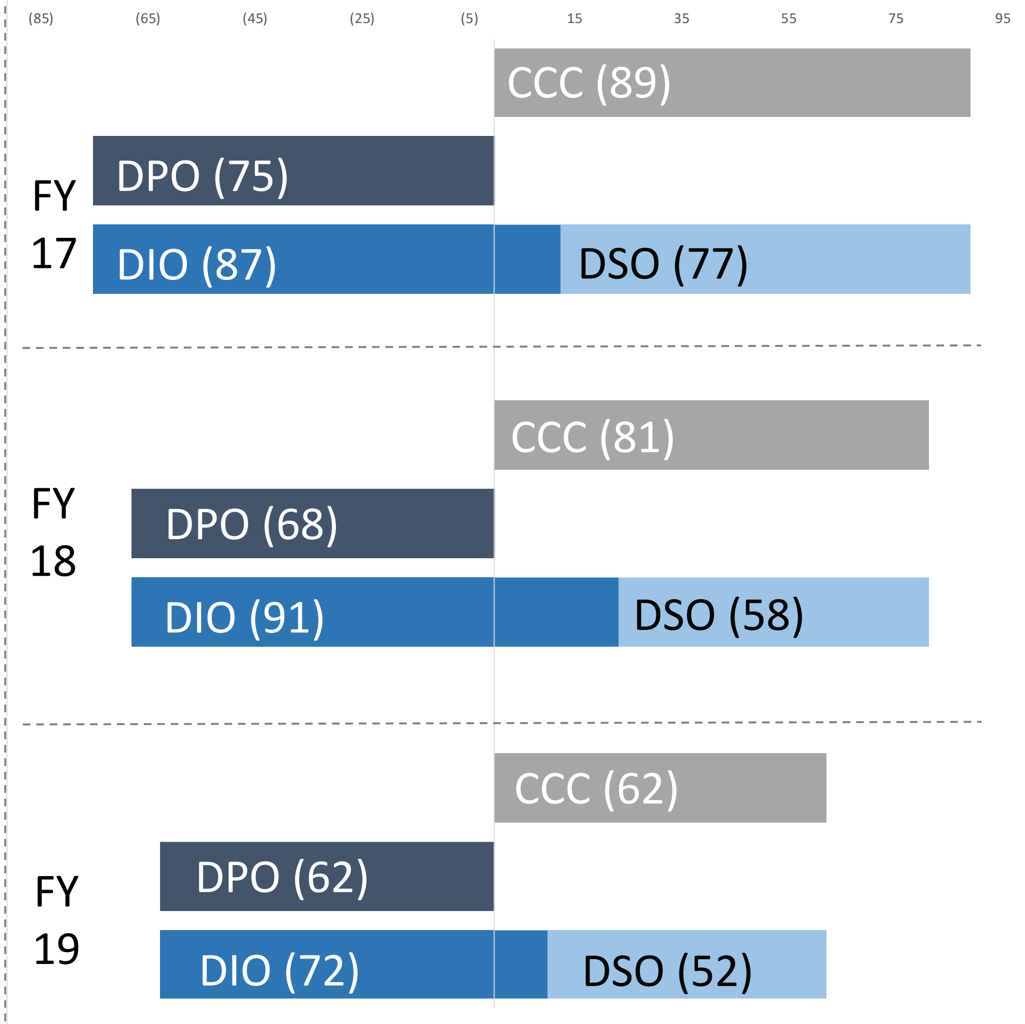
** For Roof Systems, CAGR is computed for the 3 year period 2018 – 2020B;*

*For each segment, we employ different strategies to improve either sales growth or margins and in some cases, both. While we will focus mainly on margin improvement for Sandwich Panels and Instalation, we're still working on new growth opportunities. The commissioning of the new plant for the Roof Systems segment will bring significant improvements in both margins and growth.*

# 2020 BUDGET

## NET WORKING CAPITAL AND CASH CONVERSION CYCLE




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;

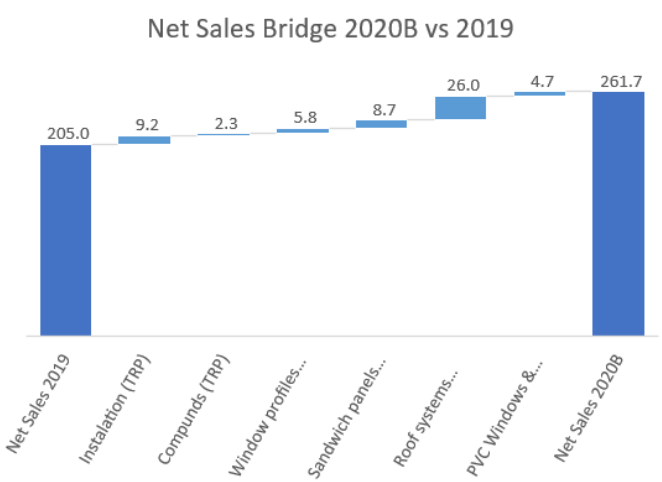
CCC

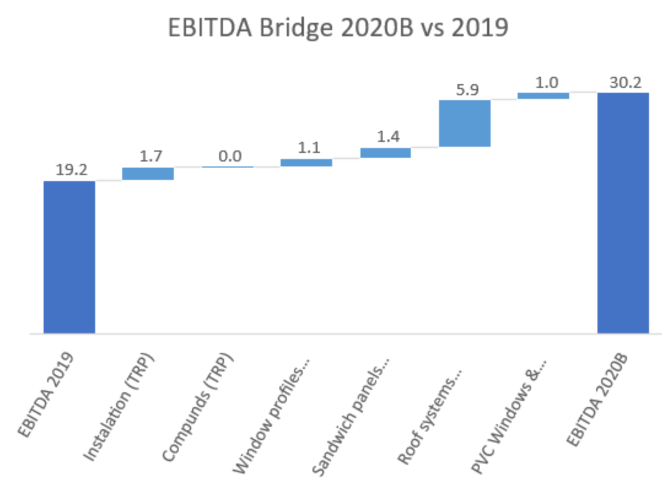
- An improved credit policy, continuous improvements in warehouse and inventory management and a fair payable policy all led to a constand decrease of the cash conversion cycle;

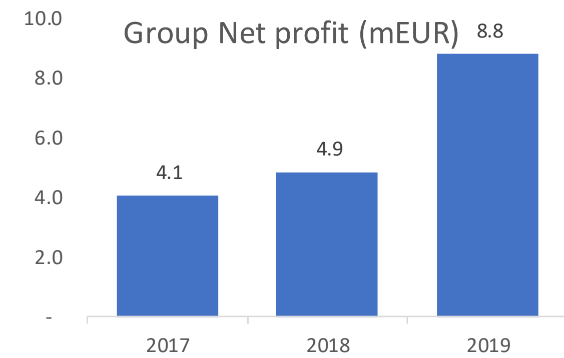
*Working capital management is at the top of our priority list at group level with KPI's being closely monitored and reviewed.*

# 2020 BUDGET

## NET SALES AND EBITDA BRIDGE 2020B VS 2019




| Segment | Net Sales (mEUR) 2019 | Net Sales (mEUR) 2020 | Net Sales vs 2019 (abs) | Net Sales vs 2019 (%) | EBITDA (mEUR) 2019 | EBITDA (mEUR) 2020 | EBITDA vs 2019 (abs) | EBITDA vs 2019 (%) | EBITDA Margin (%) 2019 | EBITDA Margin (%) 2020 | EBITDA Margin vs 2019 (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Instalation (TRP) | 50.5 | 59.8 | *9.2* | *18%* | 5.3 | 7.0 | *1.7* | *32%* | 10.5% | 11.7% | *11%* |
| Compunds (TRP) | 13.5 | 15.9 | *2.3* | *17%* | 1.6 | 1.6 | *0.0* | *2%* | 11.9% | 10.4% | *-13%* |
| Window profiles (TRP) | 12.9 | 18.7 | *5.8* | *45%* | 0.9 | 1.9 | *1.1* | *122%* | 6.8% | 10.4% | *52%* |
| Sandwich panels (TRS) | 65.1 | 73.8 | *8.7* | *13%* | 7.9 | 9.3 | *1.4* | *17%* | 12.2% | 12.6% | *3%* |
| Roof systems (WTB) | 56.9 | 82.9 | *26.0* | *46%* | 3.2 | 9.1 | *5.9* | *186%* | 5.6% | 11.0% | *96%* |
| PVC Windows & Doors ( | 6.1 | 10.7 | *4.7* | *77%* | 0.3 | 1.3 | *1.0* | *317%* | 4.9% | 11.7% | *136%* |
| **Total TRP Group** | **205.0** | **261.7** | ***56.8*** | ***28%*** | **19.2** | **30.2** | ***11.0*** | ***57%*** | **9.4%** | **11.6%** | ***23%*** |

TERA PLAST GROUP

TeraPlast since 1896 | TeraSteel | TeraGlass ferestre și uși | TeraPlast Recycling | TeraPlast Hungary | TeraSteel Serbia | wetterbest

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