

AD HOC REPORT

In accordance with Law no. 24/2017 and NSC Regulation no. 1/2006

Report date: **June 7th 2017**

Name of issuer: **TERAPLAST S.A.**

Headquarters: **Teraplast Industrial Park, DN 15A, KM 45+500, Bistrita-Nasaud County**

Telephone/Fax: **0263/238.202 / 0263/231.221**

Trade Register No: **J06/735/1992**

Sole registration number at the Trade Register Office: **RO3094980**

Share capital: **56,643,266 lei**

Regulated market on which the issued shares are traded: **Bucharest Stock Exchange**

Major events to be reported

- a) Changes in the control over the company – **N/A**
- b) Substantial acquisitions and alienations of assets – **N/A**
- c) Bankruptcy – **N/A**
- d) Transactions as listed in art. 82 of Law 24/2017 – **N/A**
- e) **Other events**

Teraplast Group, the largest PVC processor in Romania and one of the leading manufacturers of materials for construction and installation market, purchased the sandwich panel producer Interlemin from Serbia, transaction value being of 4.3 million euro. Teraplast will invest this year 11 million euro in Serbia, amount that includes the value of the plant acquisition, investments of 2.7 million euro in development and working capital of 4 million euro.

The purchased company has a production capacity similar with the one of the subsidiary TeraSteel, meaning 2.2 million sqm/year, and respectively the same equipment. The sandwich panels' factory from Serbia will mainly serve countries like: Serbia, Bulgaria, Macedonia, Bosnia, Croatia and Montenegro, but also secondary markets like Hungary, South of Romania and North of Greece. According to our forecasts these markets have in 2017 a potential of 9.6 million sqm, meaning approximately 15. Serbian panels' market is valued to a volume of 2.3 million sqm, of which the domestic production represents 20%, the rest being imports. As compared, in Romania the domestic production represents approximately 80% of the total market and we have 9 sandwich panels' factories. TeraSteel sells on the foreign markets over 33% of the production made in Romania.

Dorel Goia, Chairman of the Board of Directors of Teraplast: „The acquisition in Serbia is part of Teraplast Group strategy of increasing the sales volumes and profitability. TeraSteel exports in Serbia, Bulgaria, Montenegro and Slovenia since approximately two years ago, and by the Leskovac factory we aim the exponentially increase the sales in Balkan area. We are convinced that Teraplast Group can become an example for the Romanian companies, which until now did not have the courage or were not encouraged to open factories on the foreign markets. Instead the companies from Poland, Russia or Hungary opened factories in Romania and they are really active on the constructions area. Following the two acquisitions of this year Teraplast Group will get to use in 2018 the all production capacity of a medium sheet-metal plant, meaning over 70,000 to, in value of over 55 million euro.”

Teraplast Group includes the company Teraplast (producer of pipes, compounds and PVC profile), subsidiary TeraSteel (producer of sandwich panels and galvanized structures), subsidiary TeraGlass (producer of PVC windows

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and doors), subsidiary Teraplast Logistic (starting with June 2016 it includes the logistic activities of Teraplast Group) and Politub (producer of polyethylene pipes).

Teraplast Group estimates for 2017 a consolidated turnover of 434.6 million lei and a net profit of 38.1 million lei. The estimated EBITDA value in 2017 is of 63.3 million lei. In the first three months of 2017 Teraplast Group obtained a turnover of 66.5 million lei, a net profit of 1.6 million lei, and EBITDA of 6.6 million lei.

Teraplast Group is present on the markets of installations and decoration, window profiles, sandwich panels and galvanized structures, PVC windows and doors and compounds and is on top positions on most of the markets on which is present. The parent company Teraplast is market leader in exterior sewage drains and compound and on the second position in interior sewage. The subsidiary, TeraSteel, is the second player on sandwich panels market and the leader of the galvanized steel structures market.

For further information, please contact the Communications Department of Teraplast: Anca Rif – Communications & Investor Relations Manager; Tel: +40-752-101.639; Email: anca.rif@teraplast.ro

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