

PRESS RELEASE

Teraplast's evolution for the half year

- ✓ **Decrease by 10.90% of the loans in the 2014 first half, as compared to the similar 2013 period;**
- ✓ **Increase of net result, as compared to the same period of 2013;**
- ✓ **Similar level for the turnover;**
- ✓ **Receivables decreased by 6,02%, due to a better money collecting from the market;**

Bistrita, August 14th 2014 – Teraplast (TRP), systems producer in the field of installations and constructions, continued to improve its profitability indicators and manage to obtain in the first half of the year a **net profit of LEI 1.53 million**, as compared to 0.57 million lei in the same period of 2013.

Traian Simion, Chief Executive Officer Teraplast SA: „Today we are a stable company from the financial and operational point of view, despite the unfavorable context of the markets, where Teraplast activates. During the first half of the year there was retention in the investment, both in private and in public sectors. However we managed to maintain the sales to a similar level to that of the last year. Furthermore, we have renegotiated the loan contracts so as to reduce the financing costs. We have also maintained the policies implemented last year, that is to have profitable sales and we have avoided being part of a price war. Right now we have successful collaborations with our commercial partners and we continue to develop the customer portfolio both on the internal and on the external market. The future evolution depends mainly on the restart of public and private investments, an essential drive for the development of the business environment. But the private investors seek that the public sector revive and only then they will start their own investments”.

The **turnover** registered in the first half of the year a small decrease, as compared to the same period of 2013, from Lei 104.36 million, to **LEI 103.14 million**. The turnover evolution was influenced by the relevant markets, which according to the existent public information, had generally registered decreases. Additionally, the moody weather in the first part of the year generated delays for the construction works.

The evolution of the **net result** was supported on one hand by the operating activity and the new commercial politics and on the other hand by the improvement of the **financial result**. This last indicator was approximately 75% better in the first half of 2014, due to the decrease of interest expenses, as a result of the liabilities value reduction and as a result of renegotiating the existing loan contracts, but also due to the decrease of the net foreign exchange expenses.

In the analyzed period, the company's loans decreased by **10.90%**, as compared to the first six months of 2013. In structure, **the long term liabilities** are **LEI 1.50 million** lower as compared to the first half of the previous year, and the value of **the short term liabilities** is reduced by **LEI 4.83 million**.

During the first part of this year, Teraplast continued the projects of development and modernization, making **investments of EUR 0.85 million**, of the total value of EUR 1.33 million, scheduled for 2014. The investments made during the first six months targeted mainly the Installations & Decorations business line and supposed on one hand the expansion of the products portfolio, following the market demand, and on the other hand replacing certain machines.

During the second part of the year, the investments shall also be oriented towards increases of capacity and replacement of fabrication components, on the joinery profiles, granules and thermo-insulating joinery business lines, but also on logistics, mainly the renovation of the regional warehouses.

Besides implementing operational projects, during the first six months of 2014 the company also focused on the improvement of its cash-flow, as a result the company's **receivables** have dropped **by 6.02%** in the first half of the year, down to **LEI 58.73 million**, due to a better money collecting from the market and following the conservative policy of granting the commercial credit.

Significant events in January – June 2014

In February 2014 the company signed for a EUR 1 million loan, with BRD, in order to finance the raw materials acquisition.

In March 2014 took place some changes in the company's shareholding structure, in the sense that Dorel Goia bought the participation of 11.34%, held by SIF Banat-Crisana in Teraplast.

In June the company decided to renew the credit line, accessed from BRD - Groupe Societe Generale S.A, with a total value of EUR 3.3 million.

Details about Teraplast:

With a tradition of over 115 years, Teraplast (TRP) is at the moment one of the main Romanian producers of systems for construction, installation and decoration markets. Company's portfolio is structured on four business lines: Installations & Decorations, PVC Profiles, PVC Compounds and Thermo-insulating joinery.

Teraplast is the biggest PVC processor in Romania and it holds top positions on the PVC pipes market (share of 42%), on the PVC compounds market (share of 31%) and on the PVC panels market (share of 31%). Teraplast is also the second biggest producer of PP (polypropylene) pipes, with an estimated share of 30%.

During the last five years the company invested over EUR 26 million in the relocation of the production capacities from Bistrita to the Teraplast Industrial Park, situated outside Bistrita. Teraplast has at Saratel production capacities in total

surface of over 13.000 square meters, divided between the PVC products factory (PVC pipes plant, PVC profiles plant, window PVC profiles plant, PVC compounds plant) and the Polyolefin factory (PE manholes and tanks plant, PVC, PP and PE fittings plant and PP pipes plant).

Starting with July 2nd the company is listed at Bucharest Stock Exchange, by symbol TRP.

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Profit and loss account

Indicator, LEI thousand	June 30 th 2014	June 30 th 2013	▲ %
Turnover	103,148	104,362	(1.16)
<i>Changes in inventories of finished goods and work in progress</i>	2,790	6,478	(56.93)
<i>Other operating revenues</i>	113	122	(7.48)
<i>Raw materials, consumables used and merchandise</i>	(73,115)	(79,124)	(7.59)
<i>Employee benefits expenses</i>	(11,707)	(11,578)	1.11
<i>Provisions, depreciation and amortization expense</i>	(7,058)	(5,454)	29.40
<i>Profit/(Loss) from sales of tangible or intangible assets</i>	(177)	97	(282.73)
<i>Other expenses</i>	(11,255)	(12,022)	(6.38)
Financial result	(523)	(2,084)	(74.90)
<i>Profit/(loss) before tax</i>	2,217	797	178.18
Net Profit/(Loss)	1,535	570	169.17
EBITDA	8,935	8,946	(0.12)

* The financials are unaudited and represent Teraplast's stand-alone results prepared according to International Financial Reporting Standards (IFRS);

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Balance sheet

Indicator, LEI thousand	June 30 th 2014	June 30 th 2013	▲ %
ASSETS			
A. TOTAL noncurrent assets	126,872	133,958	(5.29)
I. Intangible assets	680	940	(27.66)
II. Tangible assets	103,431	111,547	(7.28)
III. Real estate investments	13,547	12,257	10.52
VI. Investments in associated companies	9,199	9,199	0.00
V. Other financial assets	15	15	0.00
B. TOTAL current assets – TOTAL	96,397	107,063	(9.96)
I. Inventories	36,873	37,420	(1.46)
II. Receivable	58,730	62,493	(6.02)
III. Cash and bank accounts	793	7,150	(88.90)
C. Prepayments	657	511	28.57
TOTAL ASSETS	223,926	241,532	(7.29)
SHAREHOLDERS EQUITY AND LIABILITIES			
Shareholders' equity	115,576	114,580	0.87
Interest-bearing debts	11,203	12,708	(11.84)
Provisions for pensions and similar obligations	286	330	(13.33)
Deferred tax	3,536	6,053	(41.58)
TOTAL current liabilities - of which:	93,325	107,861	(13.48)
Interests bearing debts	40,617	45,453	(10.64)
Trading liabilities	47,656	57,319	(16.86)
Current provisions	4,450	4,862	(8.47)
Due profit tax	602	227	165.20
TOTAL SHARE CAPITALS AND LIABILITIES	223,926	241,532	(7.29)

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Next release:

The next results announcement for January – September 2014 will be released on **November 13, 2014**.

For additional information, please contact the Communication Department of Teraplast:

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