

## PRESS RELEASE

**Teraplast Group: 2015 preliminary financial results***Net profit of over 40.7 million lei and a turnover increasing by 19.5%, as compared to 2014*

**Bistrita, February 15<sup>th</sup> 2016** – Teraplast Group, the largest PVC processor in Romania and one of the leading manufacturers of materials for construction and installation market ended 2015 with increasing incomes and profit and managed to exceed the budgeted result for the year.

Teraplast Group includes the company Teraplast, the subsidiary Plastsistem, the subsidiary Teraglass (starting with April 2015; initially Teraglass activity was organized as a business line of Teraplast), the subsidiary Teraplast Moldova and Politub (joint-venture).

Thousand, lei	2015	2014	▲ %
<b>Turnover</b>	<b>393,612</b>	<b>329,487</b>	<b>19.46</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>46,291</b>	<b>17,780</b>	<b>160.36</b>
<b>Net Profit/(Loss) for the period</b>	<b>40,718</b>	<b>15,969</b>	<b>154.98</b>
<b>EBITDA</b>	<b>55,216</b>	<b>35,335</b>	<b>56.26</b>
<b>Basic earnings/(loss) per share (RON)</b>	<b>0.141</b>	<b>0.053</b>	<b>165.72</b>
<b>Interest-bearing debts</b>	<b>49,068</b>	<b>55,322</b>	<b>(11.30)</b>
<b>Cash and cash equivalents</b>	<b>12,559</b>	<b>5,163</b>	<b>143.24</b>

*\*The financials are unaudited and represent Teraplast's Group consolidated results prepared according to International Financial Reporting Standards (IFRS);*

*\*The variation sign % indicates the effect on the Group's activity;*

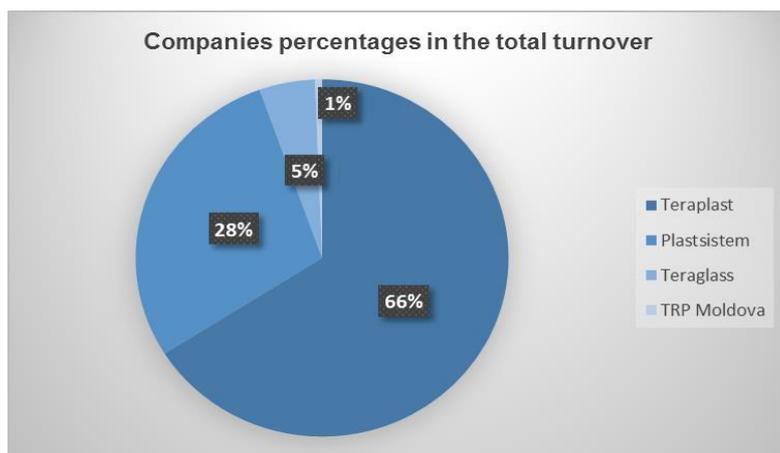
**Dorel Goia, Chairman of the Board of Directors of Teraplast:** *"The 2015 earnings exceed the targets for the year, despite of a volatile economic context. We had to face accelerated increases of the raw materials prices, as well as their low availability; we had customers seeking insolvency protection and there were enough situations in which the financial performance of the potential customers did not allow us to grant commercial credit, according to our credit policy. Those were situations in which we preferred to lose sales rather than risk not collecting the money. Despite all that, Teraplast Groups' business have increased both as incomes and profitability and we are confident that the positive trend will continue in the following period. The Group took important steps towards the development of its presence on the external markets, therefore at the end of 2015 the exports surpassed 22% of the total turnover. Additionally, concerning the internal market we managed to enhance and even to grow the market share we had at*

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the beginning of the year. The growth in 2015 creates the premises for continuing on the same trend in 2016, given the fact that we will continue to streamline and to automate the internal processes, to develop exports and to introduce new products. 2017 will be the year in which Teraplast will be market leader”.

The consolidated turnover of Teraplast Group increased by **19.5%** in 2015 up to **393.61 million lei**. The consolidation includes 100% of revenues and expenses for the companies Teraplast, Plastsistem, Teraplast Moldova and Teraglass and excludes Politub. Being a joint venture company, Politub is consolidated only at the profit level, by 50%.



The evolution of the **Group’s turnover** was supported on one hand by the evolution of some segment of the construction market, and on the other hand due to the gain of internal market share, in the context in which on some business lines the increase was above that of the relevant markets. According to NSI, infrastructure construction works decreased by 21.8% last year, while the construction works on residential and nonresidential segments increased by 32.6%,

respectively by 16.6%. The evolution of the turnover was also positively influenced by the export deliveries, which increased by approximately **8%** as compared to the similar period of the previous year. Teraplast Group exports in Germany, Austria, Hungary, Slovenia, Czech Republic, Slovakia, Italy, Bulgaria, Serbia or Belgium.

Teraplast Group is on top positions on most of the markets on which is present. The parent company Teraplast is market leader in exterior sewage drains, compound and paneling and on the second position in interior sewage; the subsidiary, Plastsistem, is among the top players on sandwich panels and galvanized steel structures markets.

During the analyzed period, Teraplast Group’s **net profit** amounted to **40.71 million lei**, compared to 15.96 million lei obtained in 2014. Net profit evolution at consolidated level, was primarily supported by the significant improvement of the **operational performance**, Teraplast Group achieving in 2015 an **operational profit** of almost **46.29 million lei**, as compared to 17.78 million lei in 2014. Part of this operational profit, about 0.5 million represents non-recurring gains. Net profit was also supported by the improvement of the **financial result**, due to income from dividends. In 2015, Teraplast cashed dividends, worth **5.49 million lei**, from Plastsistem, Politub and Certind, following the 2014 profit distribution.

**EBITDA of Teraplast Group**, is also increasing in 2015, up to **55.21 million lei**, as compared to 35.33 million lei in the previous year.

In 2015 Teraplast Group’s **interest-bearing debts** decreased by almost **11%**, as compared to the similar period in 2014. During the analyzed period, we also focused on improving the Group’s cash-flow and as a result, **the cash available in the accounts** increased to **12.55 million lei** in 2015, as compared to 5.16 million lei in 2014.

Teraplast’s Group **receivables** have been increasing in 2015, on one hand due to turnover’s evolution and on the other hand due to the transfer of PVC windows & doors business line on Teraglass. Additionally, in 2015, Teraplast

insured a part of the client portfolio, which allowed the extension of payment terms for these clients. However, the company continues to be prudent when offering commercial credit and it is constantly analyzing clients' liquidity, through the existing credit department.

### **Investments in 2015**

Teraplast Group realized in 2015 **total investments** of over **16.39 million lei**, most of these amounts being directed towards the purchase of equipment.

### **Significant events during 2015**

- ✓ In **March**, Teraplast decided to participate as a partner (51% shares) to build up a limited liability company in Republic of Moldova. The purpose of this action was to develop Teraplast's market share in this country and it is part of company's strategy to increase the value of exports.
- ✓ As of **April** 2015, Teraplast transferred its window & doors business line on a different company – Teraglass. This company is 100% owned by the parent company Teraplast.
- ✓ In **April**, the General Meeting of Shareholders set the value of maximum indebtedness that may contract the company in fiscal year 2015 – 68 million lei.
- ✓ The Board of Directors decided in **July** to renew the credit line and the letters of guarantee multi-currency limit, in total value of 15,000,000 lei, accessed from Banca Transilvania SA.
- ✓ The Managing Board decided in **August** to participate as shareholder (with 51% of capital), for the establishment of a limited liability company. The other shareholder will be a legal person and the object of activity will be commerce. The new company is to develop the presence of Teraplast Group on the external markets.
- ✓ In **August** the General Meeting of Shareholders approved the nomination of the company General Consulting MGI as internal auditor of Teraplast.
- ✓ In **October** the General Meeting of Shareholders reconfirmed for another year the five members of the Board of Directors. The structure of the Board is the following: Mr. Dorel Goia (Chairman), Mrs. Magda-Eugenia Palfi-Tirau, Mr. Emanoil Ioan Viciu, Mr. Razvan Stefan Leter and Mr. Teofil- Ovidiu Muresan.
- ✓ Teraplast acquired in **October-November** 19.24% of Plastsistem. Teraplast holds at the moment 97.95% of Plastsistem, as compared to previous 78.71%.
- ✓ In **November** the Board of Directors of Teraplast decided to set up a new company, which to take over all logistic activities (warehousing and transport). The shareholders of the new created company will be Teraplast with 99% of share capital and subsidiary Plastsistem. The outsourcing of the logistic activities is made in the context of which Teraplast Group intends to focus on core business activities, while the related activities are to be run to separate entities.
- ✓ In **December** the General Meeting of Shareholders approved the share capital increase with 8,874,589 lei by releasing of 88,745,890 new shares, with a reference value of 0.10 lei/share, which will be distributed for free to all company's shareholders, registered in the Shareholders' Registry, at the registration date **January 29<sup>th</sup>**

**2016.** Every shareholder registered in the Shareholders' Registry at the registration date shall receive a number of 30.72111455 new shares for every 100 owed shares. The **payment date** established for the free shares is February 19<sup>th</sup> 2016. The General Meeting of Shareholders also approved the share buyback program with the following terms: maximum 2,000,000 shares (0.69% of total share capital) with reference value of 0.1 lei/share, at a minimum price equal to the stock exchange price of the transaction day and a maximum price of 1 leu/share, in the limit of 1,000,000 lei, for a period of maximum 18 months, in order to implement an employee's loyalty program.

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**Teraplast Group details:**

*With a tradition of 120 years, Teraplast Group is currently the largest PVC processor in Romania and one of the leading manufacturers of materials for construction and installation market. The products portfolio of the Group is structured in six business lines: Installations & Decorations, Windows profiles, Compounds, Sandwich panels, Galvanized profiles and PVC windows and doors.*

*The production facilities of the companies in the Group are located in the Teraplast Industrial Park, developed outside Bistrita, on a surface of over 200.000 sqm. During 2007-2014 Teraplast Group invested over 200 million lei in the development and the modernization of the production capacities, but also in the products portfolio extension.*

*Beginning with July 2<sup>nd</sup> 2008 the biggest company in the Group – Teraplast is listed at Bucharest Stock Exchange, symbol TRP.*

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Appendix:

Consolidated income statement, as of December 31<sup>st</sup> 2015 (Teraplast Group)

Thousand, lei	2015	2014	▲ %
<b>Consolidated revenue</b>	<b>393,612</b>	<b>329,487</b>	<b>19.46</b>
Other operating income	690	782	(11.73)
Changes in inventories of finished goods and work in progress	3,783	164	2203.54
Raw materials, consumables used and merchandise	(272,351)	(231,050)	17.88
Employee benefits expenses	(32,685)	(29,606)	10.40
Provisions, depreciation and amortization expenses	(15,719)	(16,531)	(4.92)
Gains/ (Losses) from the outflow of tangible and intangible assets	32	(160)	(119.81)
Gains/(Losses) from the fair value measurement of investment property	(1,242)	(190)	555.16
Other expenses	(36,017)	(32,409)	11.13
Financial costs	(7,463)	(7,000)	6.62
Financial incomes	9,548	3,535	170.14
Share of the profit or loss of the joint venture accounted for using the equity method	4,103	758	441.40
<b>Profit/(Loss) before tax</b>	<b>46,291</b>	<b>17,780</b>	<b>160.36</b>
Taxes on income	(5,573)	(1,811)	207.75
<b>Consolidated Profit/(Loss) for the period</b>	<b>40,718</b>	<b>15,969</b>	<b>154.98</b>
Group share of the comprehensive income of the joint venture	0	(768)	-
Deferred tax impact	0	123	-
<b>Total comprehensive income</b>	<b>40,718</b>	<b>15,324</b>	<b>165.72</b>
<b>Consolidated result for the period</b>	<b>40,718</b>	<b>15,969</b>	<b>154.98</b>
<b>thereof attributable to stockholders of Teraplast SA</b>	<b>40,575</b>	<b>15,240</b>	<b>166.24</b>
thereof attributable to non-controlling interests	143	729	(80.33)
Number of shares	288,875,880	288,875,880	0
<b>Comprehensive earnings/(loss) per share (RON)</b>	<b>0.141</b>	<b>0.053</b>	<b>165.72</b>

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Consolidated statement of financial position, as of December 31<sup>st</sup> 2015 (Teraplast Group)

Thousand, lei	2015	2014	▲ %
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	132,138	131,186	0.73
Investment property	12,115	13,358	(9.30)
Intangible assets	1,109	713	55.58
Non-current commercial receivables	0	0	0
Investment in the joint venture accounted for using the equity method	17,874	13,770	29.80
Other financial investments	16	16	0
Deferred tax assets	86	0	0
<b>Total non-current assets</b>	<b>163,338</b>	<b>159,043</b>	<b>2.70</b>
<b>Current assets</b>			
Inventories	53,833	45,460	18.42
Trade receivables	88,060	68,184	29.15
Prepayments	421	203	107.10
Income tax recoverable	0	0	0
Cash and cash equivalents	12,559	5,163	143.24
<b>Total current assets</b>	<b>154,873</b>	<b>119,010</b>	<b>30.13</b>
Assets held for sale	0	0	0
<b>Total assets</b>	<b>318,211</b>	<b>278,053</b>	<b>14.44</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>28,888</b>	<b>58,980</b>	<b>(51.02)</b>
Subscribed share capital	28,888	58,980	(51.02)
Other elements of equity	951	0	-
Share premium	27,385	42,245	(35.18)
Revaluation reserves	21,226	21,331	(0.49)
Legal reserves	9,391	8,068	16.40
Retained earnings	98,585	16,550	495.68
<b>Stockholders' equity</b>	<b>186,426</b>	<b>147,174</b>	<b>26.67</b>
Non-controlling interests	417	3,595	(88.40)
<b>Total equity</b>	<b>186,843</b>	<b>150,769</b>	<b>23.93</b>
<b>Long-term liabilities</b>			
Loans and finance lease liabilities	12,358	11,467	7.77
Other long-term liabilities	0	0	0
Liabilities for employee benefits	295	389	(24.10)
Investment subsidies	3,399	3,858	(11.89)
Deferred tax liabilities	4,341	4,610	(5.86)
<b>Total long-term liabilities</b>	<b>20,393</b>	<b>20,324</b>	<b>0.34</b>

<b>Current liabilities</b>			
Trade and other payables	69,210	57,927	19.48
Loans and finance lease liabilities	36,710	43,854	(16.29)
Other current financial liabilities	0	0	0
Income tax payable	1,440	737	95.46
Investment subsidies	441	450	(1.91)
Provisions	3,174	3,992	(20.50)
<b>Total current liabilities</b>	<b>110,975</b>	<b>106,960</b>	<b>3.75</b>
<b>Total liabilities</b>	<b>131,368</b>	<b>127,284</b>	<b>3.21</b>
<b>Total equity and liabilities</b>	<b>318,211</b>	<b>278,053</b>	<b>14.44</b>

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#### Stand-alone income statement, as of December 31<sup>st</sup> 2015 (Teraplast SA)

Thousand, lei	2015	2014	▲%
<b>Stand-alone revenue</b>	<b>268,045</b>	<b>232,469</b>	<b>15.30</b>
Other operating income	8,672	(506)	1813.83
Changes in inventories of finished goods and work in progress	3,518	230	1429.57
Raw materials, consumables used and merchandise	(181,120)	(155,883)	16.19
Employee benefits expenses	(22,867)	(23,781)	(3.84)
Provisions, depreciation and amortization expenses	(12,468)	(13,365)	(6.71)
Gains/ (Losses) from the outflow of tangible and intangible assets	28	(88)	(131.82)
Gains/(Losses) from the fair value measurement of investment property	(1,242)	(190)	553.68
Other expenses	(33,109)	(24,953)	32.69
Financial costs	(5,547)	(5,432)	2.12
Financial incomes	8,208	2,893	183.72
<b>Profit/(Loss) before tax</b>	<b>32,117</b>	<b>11,396</b>	<b>181.83</b>
Taxes on income	(3,721)	(1,982)	87.74
<b>Stand-alone profit/(loss) for the period</b>	<b>28,396</b>	<b>9,414</b>	<b>201.64</b>

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\*\* 2014 sales include sales of doors and windows. For 2015 these sales are shown only for Q1. After that they appear in Teraglass' financial statements

Stand-alone statement of financial position, as of December 31<sup>st</sup> 2015 (Teraplast SA)

Thousand, lei	2015	2014	▲ %
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	90,948	100,642	(9.63)
Investment property	18,636	13,358	39.51
Intangible assets	559	637	(12.24)
Investments in associated companies	11,256	9,199	22.36
Other financial investments	15	15	-
Non-current commercial receivables	6,957	0	-
<b>Total non-current assets</b>	<b>128,371</b>	<b>123,851</b>	<b>3.65</b>
<b>Current assets</b>			
Inventories	34,073	33,657	1.24
Trade and other receivables	69,734	53,241	30.98
Prepayments	327	168	94.64
Cash and cash equivalents	11,101	3,458	221.02
<b>Total current assets</b>	<b>115,235</b>	<b>90,524</b>	<b>27.30</b>
<b>Total assets</b>	<b>243,607</b>	<b>214,375</b>	<b>13.64</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
<b>Total share capital, of which:</b>	<b>58,980</b>	<b>58,980</b>	<b>-</b>
Subscribed share capital	28,888	28,888	-
Share capital adjustments	0	30,092	-
Other elements of equity	951	0	-
Share premium	27,385	42,245	(35.18)
Revaluation reserves	15,992	18,708	(14.52)
Legal reserves	5,423	4,101	32.26
Retained earnings	71,552	(579)	(12457.86)
<b>Total equity</b>	<b>150,191</b>	<b>123,455</b>	<b>21.66</b>
<b>Long-term liabilities</b>			
Loans and finance lease liabilities	9,884	8,187	20.73
Liabilities for employee benefits	236	346	(31.79)
Deferred tax liabilities	2,838	3,482	(18.50)
<b>Total long-term liabilities</b>	<b>12,958</b>	<b>12,015</b>	<b>7.85</b>
<b>Current liabilities</b>			
Trade and other receivables	48,204	39,127	23.20
Loans and finance lease liabilities	28,256	35,428	(20.24)
Income tax payable	823	358	129.89
Provisions	3,174	3,992	(20.49)
<b>Total current liabilities</b>	<b>80,457</b>	<b>78,905</b>	<b>1.97</b>
<b>Total liabilities</b>	<b>93,416</b>	<b>90,920</b>	<b>2.75</b>
<b>Total equity and liabilities</b>	<b>243,607</b>	<b>214,375</b>	<b>13.64</b>

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