

Budget rectification due to the underestimates evolution of the construction market

On a decreasing market as compared to 2013 Teraplast will succeed to maintain the figures of the last year

Bistrita, October 6th 2014 - Teraplast (TRP), Romanian producer of systems in the field of installations and constructions, estimates to accomplish in 2014 a turnover of **RON 230.6 million**, slowly increasing **(1.77%)** as compared to 2013, but 12% lower than the budget established at the beginning of the year. In the rectified budget, the estimated gross profit is **RON 5.12 million**, better by **9.48%** as compared to 2013, but under the estimates from the beginning of 2014.

The adjustment of the budget for 2014 is based on the evolution below the expectations of the constructions market. According to NIS, in the first 7 months of the year the volume of the construction works decreased with more than 11% comparing with the same period of the previous year, and the volume of engineering constructions decreased with about 27%. We estimate that also in August and September the construction market didn't record significant improvement in its evolution.

Indicators	Budget 2014 (rectified)	Budget 2014	2013	▲ %vs 2013	▲ % vs budget
Turnover	230,629	262,329	226,613	1.77%	(12%)
EBITDA	20,789	25,007	19,631	6.90%	(17%)
Gross profit (EBT)	5,129	8,656	4,685	9.48%	(41%)

„When the budget has been made for 2014 there were optimistic perspectives with regards to the evolution of public and private projects. The construction market came in decline during the first half of the year, after the public investments were significantly reduced, and the private ones have been put on hold. The negative evolution of the market continued also in July and August and it is unlikely that in the next months, until entering the low season period, the construction market to recover from the decline from period January-August. At the moment we focus to surpass the achievements from 2013, when we managed to bring the company to profit, after three consecutive years of losses. We are a company built on solid bases, with an improved cash-flow and we also have the advantage of owning a comprehensive product portfolio, which allows us to re-invent ourselves and to respond quickly to the challenges coming from the market”, declared the Teraplast representatives.

Teraplast achieved in 2013 a turnover of RON 226.61 million and a gross profit of RON 4.68 million, compared to a loss of RON 10.29 million in 2012. The values estimated in the adjusted budget are over the figures achieved by Teraplast in 2013, evolution that is due to measures implemented by company in 2013 and 2014 - development of products portfolio, the optimization of the client portfolio and the renegotiation of credit agreements, while the market context has a negative impact.

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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