

PRESS RELEASE

Teraplast preliminary financial results at December 31, 2014

- ✓ **72% increase of the net profit, as compared to 2013;**
- ✓ **Increase of 3% of the turnover as compared to last year;**
- ✓ **Interest bearing debts decreasing by 13%, as compared to the similar period of 2013;**
- ✓ **Investments in development of over 6 million lei;**

Bistrita, 16 February 2015 - Teraplast (TRP), the Romanian producer of materials for constructions and installations, obtained in 2014 a **net profit of LEI 8.9 million**, as compared to LEI 5.2 million in the same period of 2013 and over the budgeted value of this indicator for 2014. The 72% increase of the **net result** was sustained on one hand by both the operational activity and the commercial strategy applied and on the other hand by the improvement of the **financial result**. This last indicator was approximately 42% better in 2014, due to the decrease of the interest expenses, as a result of the liabilities value reduction and as a result of renegotiations for the existing loan contracts.

Alexandru Stanean, CEO Teraplast: „The improvement of the profitability indicators was our main commitment towards Teraplast’s shareholders and investors. The fact that we managed to improve significantly these indicators is entirely due to the new business strategy applied, and it has nothing to do with context of the construction market. In 2014, the market decreased and additionally there were several situations in which the financial performance of the potential clients did not permit us to grant them with commercial credit, according to our credit policy. Those were situations in which we preferred to lose sales rather than risking not cashing the money. Teraplast offers performant and quality systems and for that we invested significantly in new fabrication technologies in the last years. Therefore our present strategy is to develop commercial partnerships which appreciate what we offer in the market. We focus on the development of the client portfolio, both on domestic and foreign markets. We are optimistic that on medium term our clients will understand that in the case of systems for installations and constructions the technical characteristics must overcome the price.”

Sediul central:

Parc Industrial Teraplast,
DN 15A, km 45+500
Cod. 427298, Jud. Bistrita-Nasaud
Tel. 0263-238202, Fax. 0263-231221
www.teraplast.ro

| Indicators, LEI thousand | 2014 | 2013 | ▲ % vs 2013 |
|--------------------------|---------|---------|-------------|
| Turnover | 232,485 | 226,613 | 2.52% |
| EBITDA | 26,173 | 19,631 | 33.32% |
| Net Profit | 8,947 | 5,201 | 72.02% |

In 2014, the **turnover** registered an increase of 3%, to **LEI 232 million**, as compared to the previous year. The turnover evolution was sustained by the new commercial politics, while the construction market context had a negative impact. According to the latest data from National Statistics Institute, the only segment which registered increases of investments was the residential one, in which in the first ten months of the year was a 43.5% increase. This segment evolution did not have though a significant impact on the market, given that the volume of the infrastructure works registered a 26.6% decrease. Globally, the constructions decreased by almost 11% in the first ten months of the year. Given that the Teraplast's products portfolio is mostly focused on infrastructure works and not on residential ones, the decrease of the infrastructure work had a bigger impact in the turnover, than the increase of the residential works.

During the analyzed period, the company's interest bearing debts decreased by **13%**, as compared to 2013. In structure, **the long term liabilities** are **LEI 5 million** lower as compared to the previous year, and the value of **the short term liabilities** is reduced by **LEI 1.5 million**. Over all the company's degree of indebtedness decreased from 29% in 2013, to 25% in 2014.

During 2014, Teraplast continued the projects of development and modernization, making **investments of EUR 6 million**. These investments targeted on one hand the expansion of the products portfolio, following the market demand, and on the other hand the replacement of certain equipment.

Significant events in 2014

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 **August 2014**, KJK FUND II, SICAV – SIF notified Teraplast about their stake raise, over 10% of the company's share capital. The voting rights of KJK FUND II, SICAV – SIF are now over 10% of the total voting rights.

The General Meeting of Shareholders approved in **August** the assignment of Ernst & Young Assurance Services as financial auditor of Teraplast and General Consulting MGI as internal auditor.

In **September** Mr. Gheorghe Grosan resigned from his position of board member, beginning with the 1st of October.

The General Meeting of Shareholders decided in **October 2014** to reduce from seven to five the number of board members and the new structure of the Managing Board. According to the decision of the General Meeting of Shareholders the new structure of the Managing Board is the following: Dorel Goia, Magda-Eugenia Palfi-Țîrău, Emanoil Viciu, Razvan Stefan Lefter and Teofil-Ovidiu Muresan.

In **October 2014** the Managing Board of Teraplast elected Mr. Dorel Goia as President.

The Managing Board approved, in **November**, the end with the parties' agreement of the Chief Executive Officer mandate given to Mr. Traian Simion. The duties of Mr. Simion will be taken by Mr. Alexandru Stanean, former Chief Operation Officer of Teraplast SA. During the interim taking-over of the Chief Executive Officer mandate, Mr. Alexandru Stanean will no longer have the Chief Operation Officer duties.

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 200.000 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.

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

Anca Rif - Communication & Investor Relations Manager

Tel: +40-752-101.639

Email: anca.rif@teraplast.ro

Sediul central:

Parc Industrial Teraplast,
DN 15A, km 45+500
Cod. 427298, Jud. Bistrita-Nasaud
Tel. 0263-238202, Fax. 0263-231221
www.teraplast.ro

soluții eficiente pentru oameni și mediu

Appendix – press releaseFebruary 16th 2015**Profit and loss account**

| Indicator, LEI thousand | 2014 | 2013 | ▲% |
|--|----------------|----------------|----------------|
| Turnover | 232,485 | 226,613 | 2.59 |
| Changes in inventories of finished goods and work in progress | (575) | 2,512 | (122.85) |
| Other operating revenues | 231 | 210 | 10.00 |
| Raw materials, consumables used and merchandise | 155,873 | 159,609 | (2.34) |
| Employee benefits expenses | 23,721 | 23,229 | 2.12 |
| Provisions, depreciation and amortization expense | 13,540 | 8,340 | 62.35 |
| Profit/(Loss) from sales of tangible or intangible assets | (88) | 63 | (240.50) |
| Profit/(Loss) from valuation at fair value of the investments property | (190) | (3,381) | (94.34) |
| Other expenses | 24,890 | 25,789 | (3.49) |
| Financial result | (2,537) | (4,366) | (41.89) |
| Profit/(loss) before tax | 11,302 | 4,685 | 141.24 |
| Net Profit/(Loss) | 8,947 | 5,201 | 72.02 |
| EBITDA | 26,173 | 19,631 | 33.32 |

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

Sediul central:

Parc Industrial Teraplast,
DN 15A, km 45+500
Cod. 427298, Jud. Bistrita-Nasaud
Tel. 0263-238202, Fax. 0263-231221
www.teraplast.ro

soluții eficiente pentru oameni și mediu

Appendix – press release

February 16th 2015

Balance sheet

| Indicator, LEI thousand | 2014 | 2013 | ▲% |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| A. TOTAL noncurrent assets | 123,795 | 129,322 | (4.27) |
| I. Intangible assets | 637 | 913 | (30.25) |
| II. Tangible assets | 100,585 | 105,592 | (4.74) |
| III. Real estate investments | 13,358 | 13,603 | (1.81) |
| VI. Investments in associated companies | 9,199 | 9,199 | - |
| V. Other financial assets | 15 | 15 | - |
| B. TOTAL current assets – TOTAL | 89,494 | 82,659 | 8.27 |
| I. Inventories | 32,590 | 32,717 | (0.39) |
| II. Receivable | 53,283 | 46,626 | 14.28 |
| III. Cash and bank accounts | 3,458 | 2,892 | 19.54 |
| C. Prepayments | 164 | 424 | (61.32) |
| TOTAL ASSETS | 213,288 | 211,981 | 0.62 |
| SHAREHOLDERS EQUITY AND LIABILITIES | | | |
| Shareholders' equity | 122,987 | 114,041 | 7.84 |
| Interest-bearing debts | 8,187 | 13,180 | (37.88) |
| Provisions for pensions and similar obligations | 346 | 286 | 20.98 |
| Deferred tax | 3,669 | 3,456 | 6.16 |
| TOTAL current liabilities - of which: | 78,099 | 81,017 | (3.60) |
| Interests bearing debts | 35,428 | 36,893 | (3.97) |
| Trading liabilities | 38,084 | 39,773 | (4.25) |
| Current provisions | 4,043 | 4,156 | (2.74) |
| Due profit tax | 544 | 33 | 1548.48 |
| TOTAL SHARE CAPITALS AND LIABILITIES | 213,288 | 211,981 | 0.62 |

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

Sediul central:

Parc Industrial Teraplast,
DN 15A, km 45+500
Cod. 427298, Jud. Bistrita-Nasaud
Tel. 0263-238202, Fax. 0263-231221
www.teraplast.ro

soluții eficiente pentru oameni și mediu