



TeraPlast Group

July, 2020



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The largest Romanian construction materials manufacturer.

BBG Ticker TRP RO

BSE symbol: [TRP](#)



Piping, fittings and other products made of PVC, PE and PP | PVC Compounds | PVC window profiles
 #1 on the exterior sewage market in Romania
 #1 on the PVC compounds market in Romania
 Among top 5 players on its market segments
 Listed on the Bucharest Stock Exchange since July 2008

98%



Sandwich panels and non-residential buildings elements
 #1 on the sandwich panels market in Romania

100%



Producer of sandwich panels and trapezoidal sheet
 #1 in Serbia; The first fully Romanian privately owned production unit opened abroad after 1990

100%



Producer of complete roof systems and trapezoidal sheet
 One of the leaders on the Romanian roofing market

100%



Producer of PVC and Aluminum windows and doors

100%



Rigid PVC recycler
 #1 rigid PVC recycler in Romania and in top 10 in Europe

100%

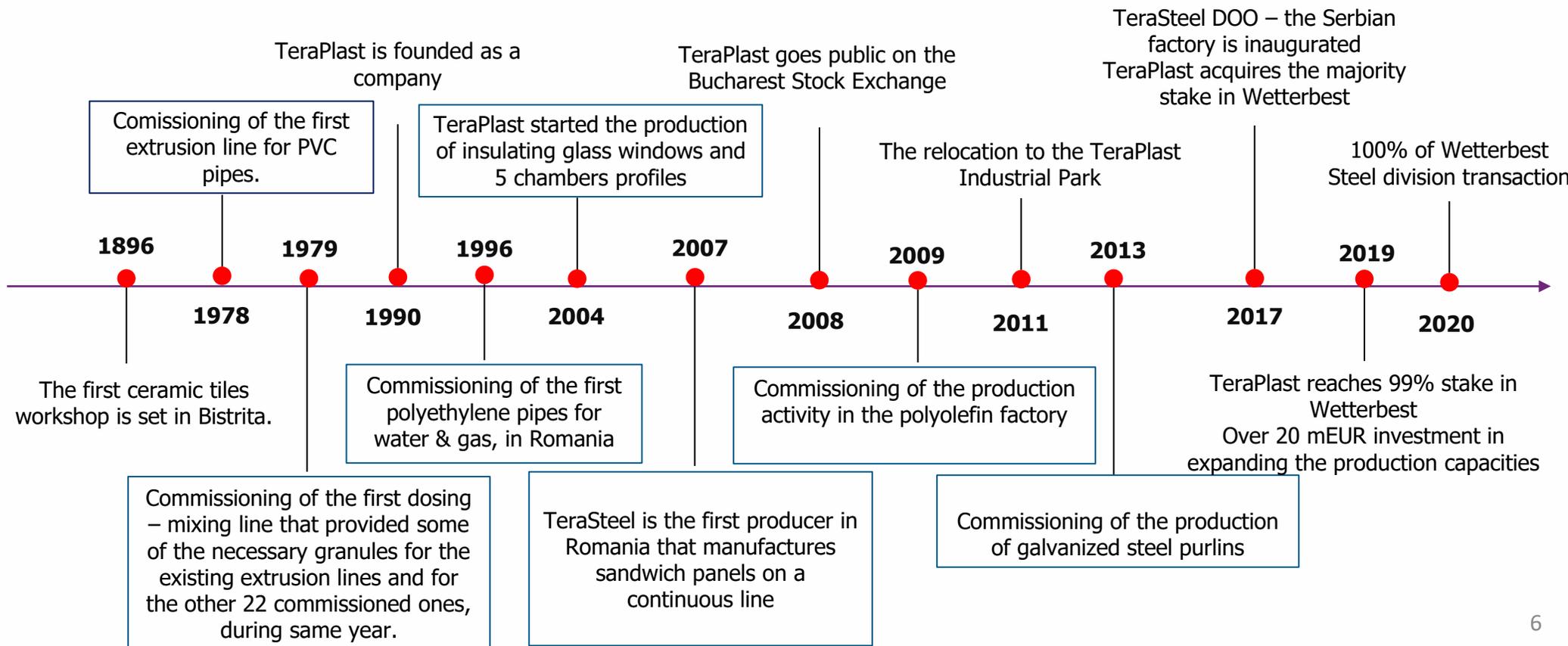


Distributor of PVC window profiles' business line products in Hungary

SHORT HISTORY

Long history marked by pioneering, significant research & investment projects.

TeraPlast Group invested over the years in research too, having 3 patents and 3 in progress.



By its product portfolio, TeraPlast Group covers all construction market segments.



Installation



TeraPlast Industrial Park,
Saratel, BN, Romania

Complete systems for:

- Exterior sewage
- Water & gas
- Interior sewage
- Electric cable protection
- Rainwater & wastewater management

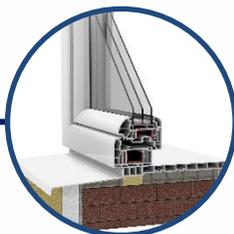
Leader on the exterior PVC
sewage market



Residential
Non-residential
Infrastructure



Window profiles



TeraPlast Industrial Park,
Saratel, BN, Romania

3 window profiles systems:

- 4 chambers
- 6 chambers
- 7 chambers

8% market share (RO)



Manufacturing



PVC Compounds



TeraPlast Industrial Park,
Saratel, BN, Romania

- Rigid PVC compounds
- Plasticized PVC compounds

Market leader in Romania
34% market share



Manufacturing



Windows & Doors



Bistrita, BN, Romania

- PVC Windows
- PVC Doors
- Facades & Terraces
- Aluminum accessories

Over 80% exports annually



Residential
Non-residential



Rigid PVC recycling



TeraPlast Industrial Park,
Saratel, BN, Romania

- Regranulated PVC compounds
- Micronized PVC

The largest Romanian
rigid PVC recycler & in
top 10 in Europe



Manufacturing

PRODUCT PORTFOLIO

By its product portfolio, TeraPlast Group covers all construction market segments.



Sandwich panels



TeraPlast Industrial Park,
Saratel, BN, Romania
Leskovac, Serbia

- Polyurethane foam sandwich panels
- Mineral wool sandwich panels
- Lead turnkey halls
- Metal accessories

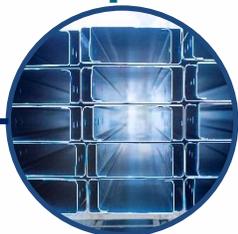
Leader of the Romanian sandwich panels market



Non-residential



Galvanized steel purlins



Bistrita, BN, Romania

- Z, C, U & Sigma galvanized steel purlins
- Joinery profiles accessories

One of the largest producers in the CEE area



Non-residential



Self-supporting trapezoidal sheet



Leskovac, Serbia

Corrugated sheet of 153mm

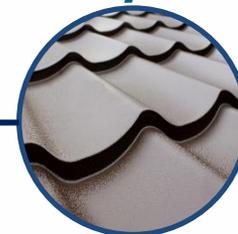
The line started producing in March 2018.



Non-residential



Complete roof systems



Baicoi, PH; Podari, DJ & Saratel, BN, Romania

- 5 metallic roof tiles profiles
- 4 types of self-supporting trapezoidal sheet
- Complete roof accessories

Second largest metallic roof tiles producer in Romania



Residential
Non-residential

GEOGRAPHICAL FOOTPRINT

**TeraPlast Group's exports represent
24% of its turnover in 2019**

- Which means around EUR 49 million in 2019
- To 25 countries
- Covering a population of 19.5 million in Romania and 66 million in core CEE countries

Assets

- 11 factories that sum up over 75.200 sqm in surface
- 5 production sites that sum up over 340.000 sqm in surface
- 9 distribution centers and showrooms



Optimal distribution range - RO

Optimal distribution range - RS

PRODUCTION SITES

TeraPlast Group production sites sum up over 340.000 square meters in surface.

SARATEL

- 2007
- 218.000 sqm
- 38.668sqm
- 6 factories

BISTRITA

- 2008
- 33.061 sqm
- 10.968 sqm
- 2 factories

BAICOI

- 2019
- 37.805 sqm
- 14.355 sqm
- 1 factory

PODARI

- 2006
- 5.000 sqm
- 1.121 sqm
- 1 factory

ROMANIA



LESKOVAC

- 2017
- 46.406 sqm
- 10.122 sqm
- 1 factory

SERBIA



PRODUCTION UNITS

PVC Factory (RO)

 31 production lines

 52.800 tons/year

PP Factory (RO)

 15 production lines

 3.800 tons/year

PE Factory (RO)

 7 production lines

 11.500 tons/year

Recycling Factory (RO)

 10 production lines

 12.000 tons/year

Windows & Doors Factory (RO)

 5 production lines

 >160.000 units/year

Sandwich Panels Factory (RO)

 1 production line

 2,2 million sqm/year

Galvanized steel purlins Factory (RO)

 4 production lines

 8.000 tons

Sandwich panels Factory (SRB)

 2 production lines

 2,2 million sqm/year

Roof systems Factory (PH, RO)

 33 production lines

 10 million sqm/year

Metallic roof tiles Factory (BN, RO)

 2 production lines

 0,8 million sqm/year

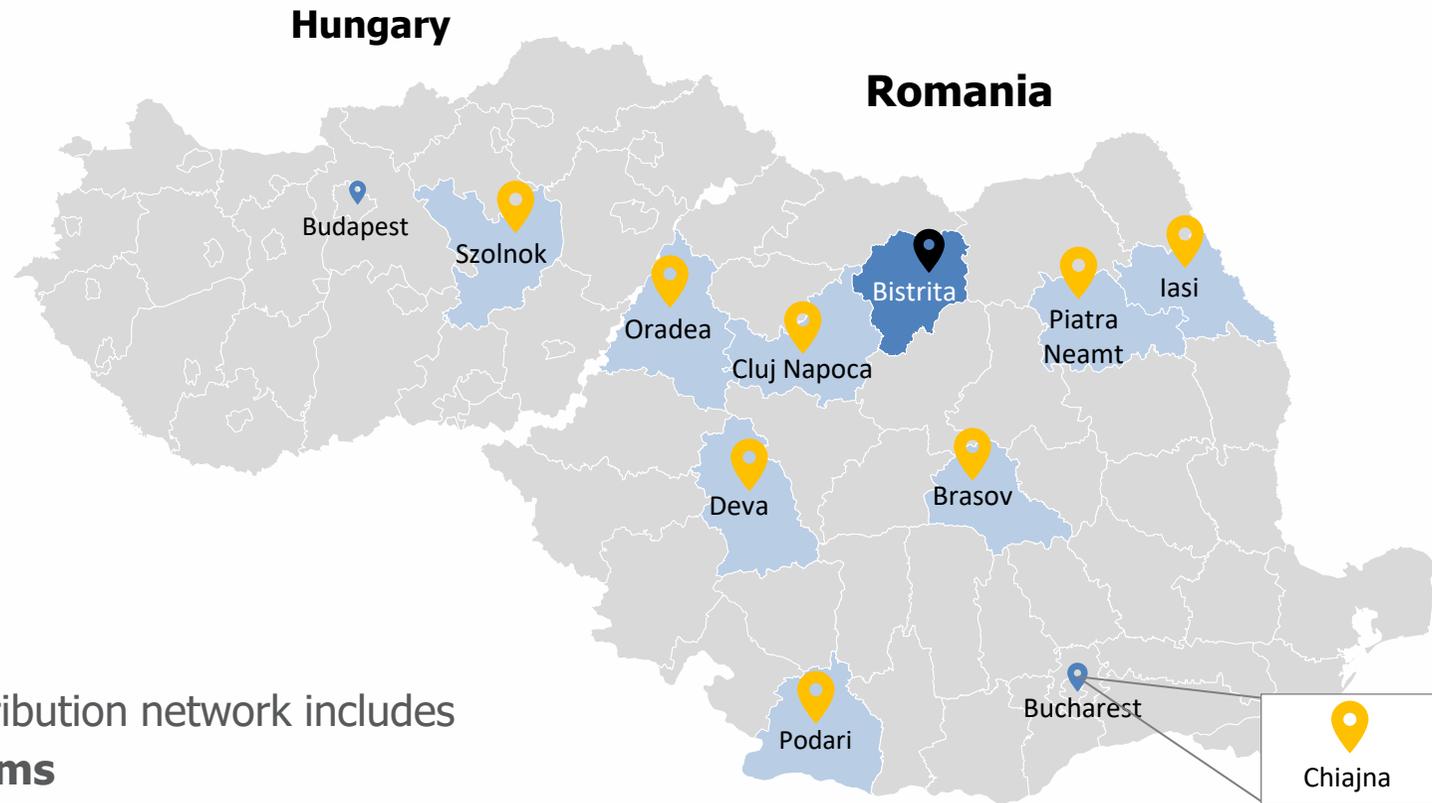
Roof systems Factory (DJ, RO)

 3 production lines

 1,5 million sqm/year

 No. of
production lines

 Production
capacity



The Group distribution network includes

- **3 showrooms**
- **7 distribution centers**

that sum up over 12.300sqm in surface.

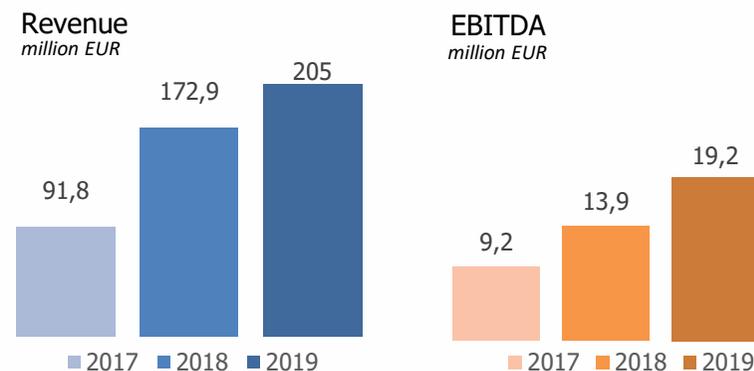
-  State capital
-  Group headquarters
-  Showrooms & distribution centers

TERAPLAST GROUP 2019

2019 Results



2017-2019 Evolution



- TeraPlast Group has closed in on the RON 1 billion threshold (cca EUR 208 million)
- 2019 **turnover** (EUR 205 million) is 21% more than 2018 and double versus 2017 (EUR 92,4 million)
- The **net profit** (EUR 8,8 million) is 85% more than the one of 2018 (EUR 4,9 million) and double versus the 2017 profit of EUR 4 million.
- The Group's **profitability** (EBITDA: EUR 19,2 million) is also 41% more than 2018 (EUR 13,9 million) and double the 2017 one (EUR 9,2 million)
- The **number of employees** has a 20% increase vs 2018 to over 1.200
- The **investments** of over EUR 20 million from 2019 will bring results in 2020

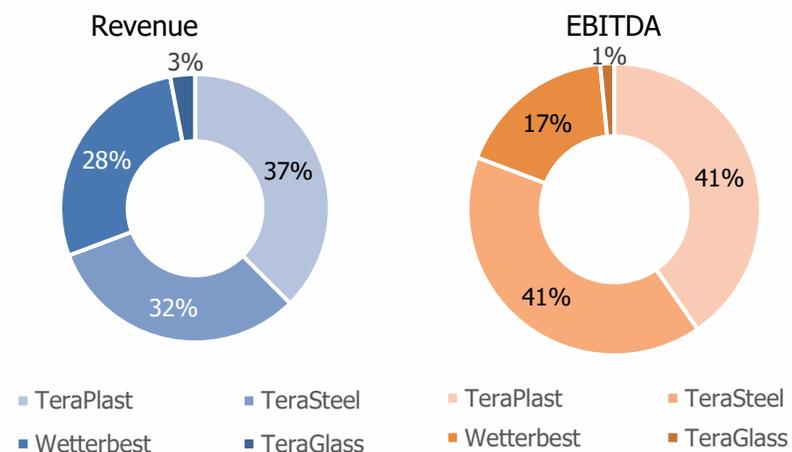
2019 KEY FIGURES

TERAPLAST GROUP 2019

2019 Results

<i>million EUR</i>		2019	2018	Evolution
TeraPlast	Revenue	76,9	62,9	25%
	EBITDA	7,8	4,4	80%
TeraSteel	Revenue	65	56,3	18%
	EBITDA	7,9	5,7	42%
Wetterbest	Revenue	56,9	47,5	22%
	EBITDA	3,2	3,1	4%
TeraGlass	Revenue	6	6,2	0%
	EBITDA	0,3	0,5	-56%
TeraPlast Group	Revenue	205	172,9	21%
	EBITDA	19,2	13,9	41%

Companies' proportion in the consolidated revenue



- 2019, by its over EUR 20 million in investments, fundamentally changes the Group
- We took advantage of the favorable construction market context and improved our profitability by increasing the production volumes on most of the business lines
- The Serbian business reached maturity and the water & sewage infrastructure projects were resumed and thus contributed decisively to the sales and profitability growth

		1H/2020 ESTIMATES	1H/2019 RESULTS	Evolution
	<i>EUR, million</i>			
STEEL DIVISION	Revenue	55	50	+13%
	EBITDA	4,1	3,8	+11%
	EBITDA margin	7,7%	7,8%	
PLASTICS DIVISION	Revenue	44	38	+18%
	EBITDA	5,6	3,6	+54%
	EBITDA margin	12,5%	9,6%	
TERAPLAST GROUP	Revenue	99	88	+15%
	EBITDA	9,7	7,6	+32%
	EBITDA margin	9,8%	8,6%	

TERAPLAST GROUP Q1/2020



TERAPLAST GROUP Q1/2019



- Turnover above estimated → +17% compared to +15%
- EBITDA above estimated → +49% compared to +32%
- Profitability margin above estimated → 10,8% compared to 9,8%
- Best performer on turnover: TeraGlass (+22%)
- Best performer on EBITDA: TeraPlast (+105%)

<i>EUR, million</i>		H1 2020	H1 2019	<i>Evolution</i>
TeraPlast	Turnover	41,2	35,3	19%
	EBITDA	6,5	3,2	105%
TeraSteel Romania & Serbia	Turnover	32,3	27,6	19%
	EBITDA	3,4	2,8	24%
Wetterbest	Turnover	24,1	22,2	11%
	EBITDA	1	1	2%
TeraGlass	Turnover	3,2	2,7	22%
	EBITDA	0,06	0,2	(76)%
TeraPlast Group	Turnover	100,8	87,8	17%
	EBITDA	11	7,4	49%

- TeraPlast kept its performance on the EBITDA margin: 15,7%
- Increases due to the evolution of the construction sector and the streamlining as a result of the implemented measures to adapt to new business volumes and the review of the cost structure
- Results above estimates for the Plastics Division and in line with estimates for the Steel division

STEEL DIVISION TRANSACTION

- Buyer: Kingspan Group
 - Leader on the high-performance insulation market
 - Listed on the London Stock Exchange
 - 11 billion GBP market capitalization
- Estimated value of the Steel division (headline price): RON 410 million – net debt +/- adjustments on the working capital
 - The result of the evaluation for the Steel division is superior to the TeraPlast evaluation on BSE
 - We add value to our shareholders
 - The yield of the investors increases
 - Sets the base for the future Plastics Division investment
- The transfer will be completed after all customary closing conditions are satisfied. For this we estimate a period between 3 to 6 months.



STEEL DIVISION TRANSACTION

- The Steel division generated 40% of the Group's EBITDA in H1/2020 and represents 40% of the net assets
- The final price will be set at the date of the registration of Kingspan's stake at the Trade Register
- The main elements of the final price calculation:
 - Headline price: RON 410 million minus
 - Interest bearing debts of the Steel division companies (RON 80 million at 30 Jun 2020)
 - Adjustment to target working capital

	Steel Division	TeraPlast Group	Steel - % of the Group
Turnover Jan - Jun 2020	272.136.888	486.645.621	56%
EBITDA Jan - Jun 2020	21.253.539	52.720.755	40%
Non-current assets, net of deferred income tax, as of June 30 2020	151.407.198	329.446.086	46%
<i>out of which intangible assets and WTB goodwill, net of deferred income tax</i>	<i>36.161.601</i>	<i>36.161.601</i>	
Working capital 30 Jun 2020	88.372.518	209.499.833	42%
Interest bearing debts	112.657.801	211.171.036	53%
<i>out of which contracted by TeraPlast for WTB stake</i>	<i>32.533.129</i>	<i>32.533.129</i>	
Subsidies for investment	4.951.450	25.887.747	19%
Net Assets/ Equity as of 30 Jun 2020	122.170.464	301.887.136	40%
Net assets adjusted by the acquisition of WTB	118.541.992	298.258.664	40%



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CONSTRUCTION SECTOR IN ROMANIA

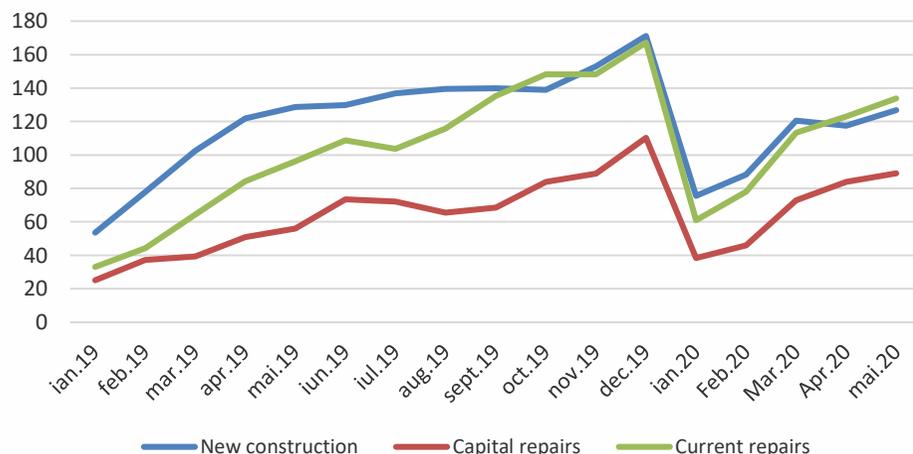
Despite the lack of visibility regarding the impact, the spread of the virus and delays in payments, most of the construction sites remained operational and the construction sector performed especially in the European funds financed areas.

Thus, the total volume of the construction sector for January-May 2020 increased by 23,7% (adjusted series) compared to the same period of 2019.

We notice a strong evolution of the current repairs and maintenance works that registered an advance of over 63% compared to January-May 2019, as well as of the capital repairs (+50,2%). New construction works increased by 11,2%.

In the same period of time, the best evolution was registered by the engineering works with an advance of 39,4% alongside the residential buildings (+19,8%).

By construction elements



By construction objects



Source: The latest NSI [report](#) from July 15, 2020.

69.4%



of Romania's population is connected to a water network*

52.7%



of Romania's population is connected to a sewage network*

35%



of Romania's population is connected to a gas network**

9.8 billion €



of the total EU funds allocated for large infrastructure projects (POIM) were contracted***

Residential segment drivers

- The top 10 countries by home ownership dominated by countries from CEE, with Romania having the highest rate of home ownership in the world (~90%)
- Existing housing stock in Romania reached c. 9mn as of YE 2018
- Out of the total 9mn residential housing stock, c. 5mn individual houses out of which 40% are over 50 years old
- On average, Romanians replace their roof every 30 years and perform maintenance and repair more often than this
- Home ownership and old housing stock supporting constant growth in the maintenance and renovation repair works in the residential sector
- Increase in disposable income (levels of >10% yoy in the last 2 years) leading to spends in renovations
- Average cost of one metallic roof represents 1.5% of the cost of the construction allowing easy or accessible replacement when required

Non-residential segment drivers

- Further growth in non-residential construction deliveries expected as retail & DIY chains continue their expansion plans as well as logistic and office spaces being on an increasing trend
- Modern retail & DIY is expected to continue its growth supported by increasing purchasing power of the Romanian population which boosts consumption and continues shift from traditional stores to modern retail which is on an upward trend
- Increase in deliveries of modern office spaces over the past 5 years with 2019 expected to bring a new record of deliveries totaling c. 0.5mn sqm especially in Bucharest which is expected to reach 3mn sqm (out of which 1mn built over the last 5 years)



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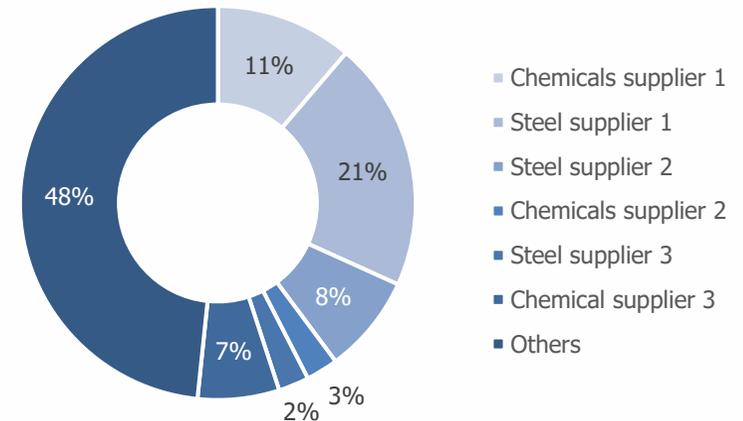
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IR CONTACT

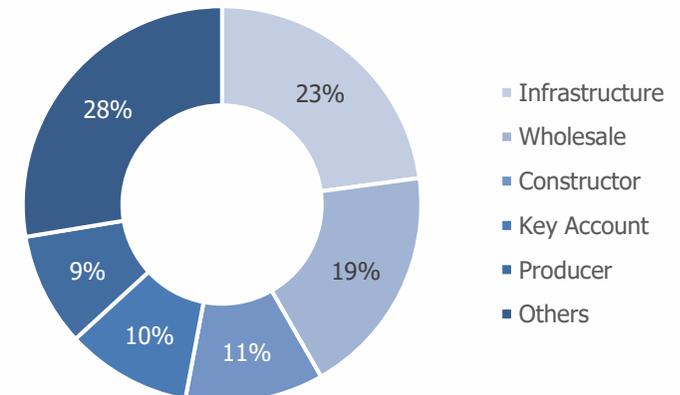
The Group has good reputation among its clients and suppliers being recognized as a trustworthy, strategic business partner

- Tight credit risk monitoring internal & external (insurance)
- Effective purchasing policy: broad supplier base
- Low dependence through client
- Cost-effective production processes
- Good cash management
- Experienced management team
- Diversified portfolio of products & market segments
- Good margins thanks to Group size and innovation
- Customized strategies for each company and market segment
- Flexibility and strategic management → niche strategies and costs leadership
- Regional presence on specific markets → 24% of revenue - exports to 25 European countries
- Not exposed to the public sector but linked to some extent

Suppliers structure – Group level



Clients structure – Group level



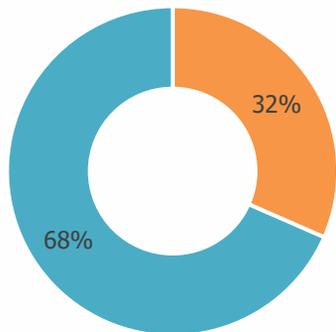
- All Group companies have trade representatives that work closely with the companies' management in all matters regarding collective agreements (except for the Serbian facility).
- **Aggressive sales incentive scheme**, bonus system targeting growth in sales and margin. The bonus schemes offer an increasing income for the sales teams without an upper bound and are revised annually according to the budget and company objectives.
- **Salary level above market average**: +18% in Romania (Group level) and +30% in Serbia

Annual evolution of no. of employees*



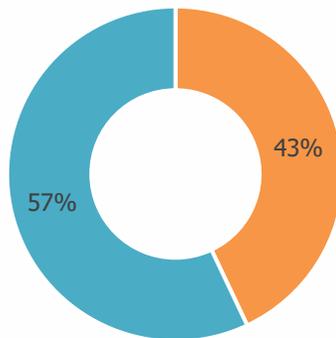
Gender distribution Group level

Women Men



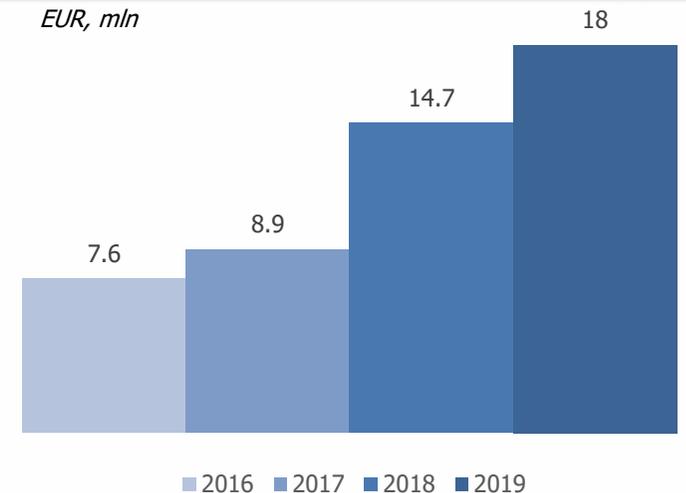
Gender distribution in management

Women Men



Personnel expenses development (Group level)

EUR, mln

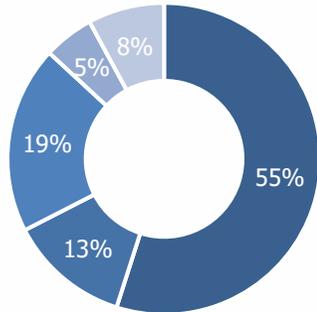


*Average for each year

EMPLOYEES

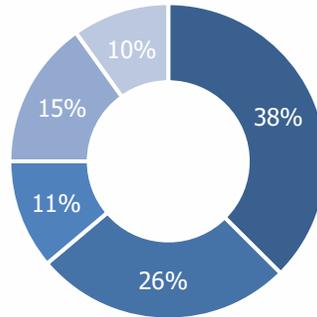
Breakdown by activity

TeraPlast



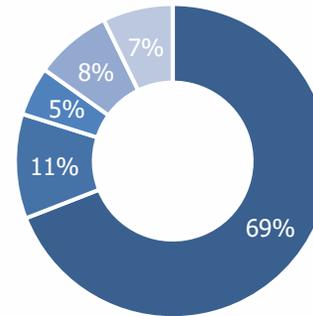
- Production
- Logistics
- Administrative
- Sales
- Financial

TeraSteel



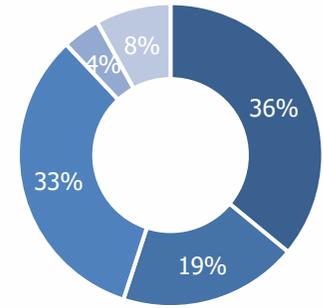
- Production
- Logistics
- Administrative
- Sales
- Financial

TeraGlass



- Production
- Logistics
- Administrative
- Sales
- Financial

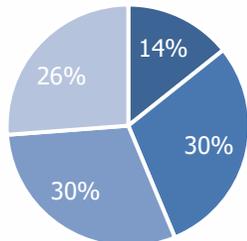
Wetterbest



- Production
- Logistics
- Administrative
- Sales
- Financial

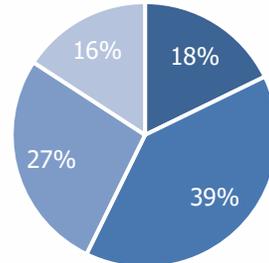
Breakdown by age

TeraPlast



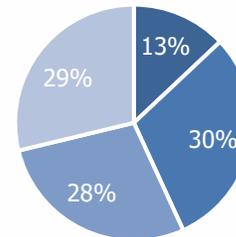
- <30 years
- 41-50 years
- 30-40 years
- >50 years

TeraSteel



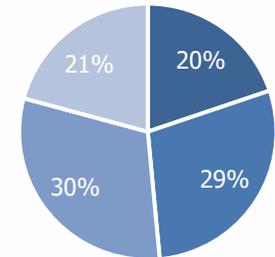
- <30 years
- 41-50 years
- 30-40 years
- >50 years

TeraGlass



- <30 years
- 41-50 years
- 30-40 years
- >50 years

Wetterbest



- <30 years
- 41-50 years
- 30-40 years
- >50 years

Experienced management team

Board of Directors



Alexandru Stanean
CEO TeraPlast Group

- CEO since July 2018
- In his 2nd mandate
- Within the Group since 2006

Ioana Birta
CFO TeraPlast Group

- CFO since June 2017
- ACCA & CAFR member
- More than 10 years of experience in auditing

Ioana Borza
Group Marketing Director

- Marketing Director since May 2018
- More than 15 years of experience in marketing



Cosmin Patroiu
TeraSteel CEO

- CEO since February 2017
- More than 15 years of experience in sales both locally and abroad on the construction sector market



Marian Pirvu
Wetterbest CEO

- CEO since January 2019
- More than 20 years of experience on the market
- Strong international expertise



Bela Varga
TeraGlass CEO

- CEO since July 2019
- More than 20 years of experience on the international thermal insulating joinery market



Zoran Cvijovic
TeraSteel Serbia CEO

Integrated, flexible software solutions

Highly reliable IT backbone creating operational and cost efficiencies

- ERP multi module systems
 - Most entities use SAP (integrated electronic invoicing system)
 - Wetterbest uses Microsoft Dynamics by NAVISION
- Production line planning tool
 - Advanced Planning System (by Siemens) used in TeraSteel
- Business Intelligence tools
 - Power BI used in Wetterbest business analytics solution that allows for data visualization and sharing insights
 - QlikView used throughout the Group - customized business intelligence software tool capable of extensive data personalization
- Warehouse Management System (WMS system)
 - Used by all entities in the automation of the production flow (from the reception to consumption of the raw material)
- Recently implemented RPA (robotics process automation by UI Path) for credit controlling contributing to process efficiencies
 - Following the successful implementation of the first RPA, the analysis process of the Group's clients has improved significantly 100% data accuracy, potential errors eliminated from the process, duration of human intervention in the process decreased by approx 82% for each client analyzed)
 - Automating the calculation process for credit limits now allows to manage the Group's expansion and increase in the number of clients in an optimal and efficient way
 - Currently in the implementation process of the second RPA for payments and cash in recordings

Integrated, flexible software solutions

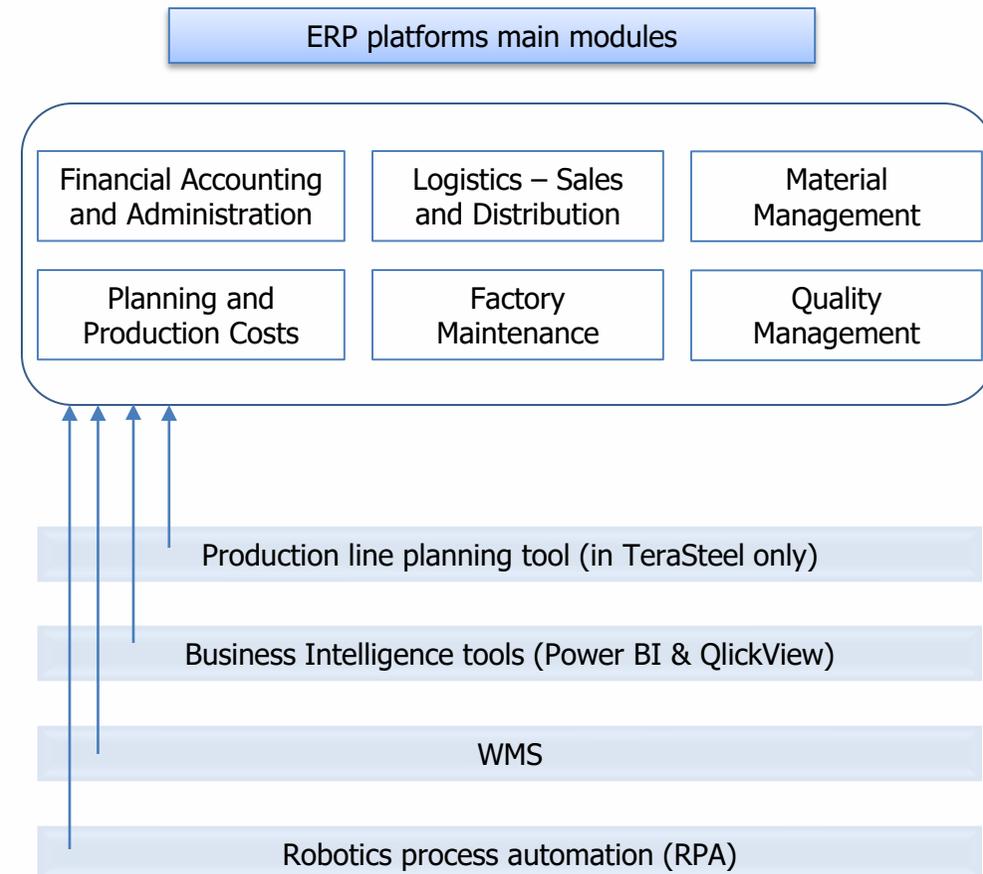




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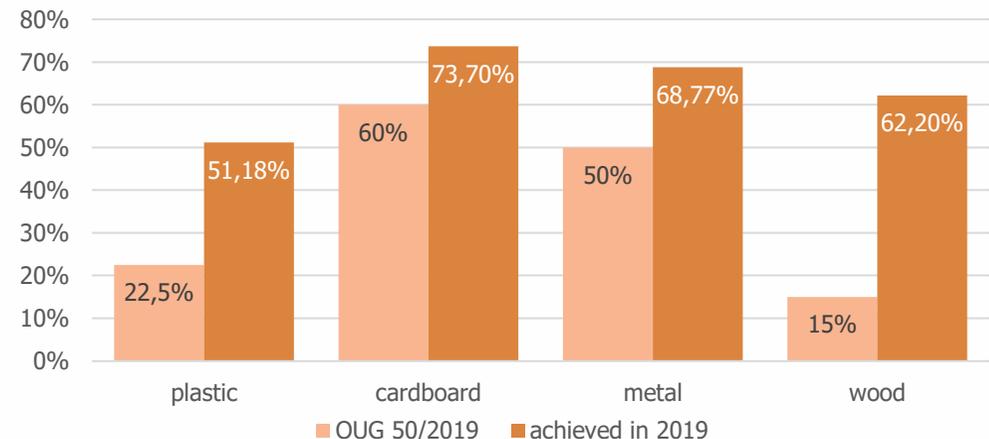
SUSTAINABLE DEVELOPMENT

IR CONTACT

As the largest Romanian construction materials manufacturer with 11 factories in 5 locations, clear resource and waste management procedures are vital in order to effectively manage the environmental impact of our activity

- The resource management KPIs aim at maintaining an equilibrated rate between the production activity and resource consumption. The performance indicators are evaluated and tailored yearly as part of the Integrated Management System evaluation.
- The implemented environmental management system obliges to minimize the quantities of waste resulting from the production processes where possible.
- The management of all categories of waste is carried out in compliance with legal provisions. They are collected selectively, clearly labeled and stored temporarily, without mixing, until handed over to authorized operators (collectors/recyclers).
- The responsible approach towards waste management means being above the yearly legal objectives.

According to OUG 50/2019: objectives for 2019 vs. achieved in 2019



SUSTAINABLE DEVELOPMENT PRODUCTS, COMMUNITY AND CORPORATE GOVERNANCE

- Implementing corporate governance best practices in order to raise the company competitiveness on the capital market and add value to our shareholders

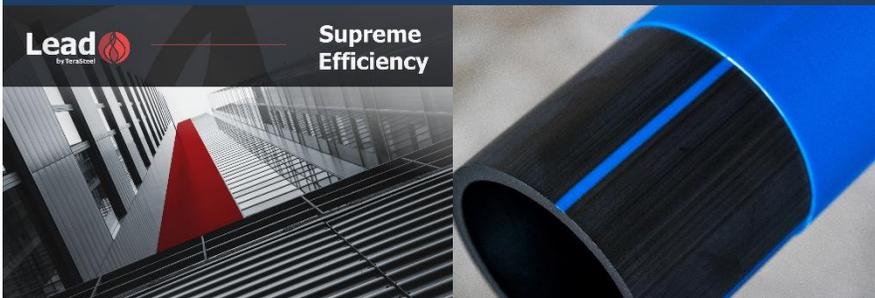


- Photo-voltaic plant that will ensure cca 11.5% of the necessary energy for the Saratel Industrial Park and will reduce, on long term, the CO2 emissions



- Rigid PVC recycling factory has an annual processing capacity of 12.000 tons.

- Permanent monitoring of the product portfolio performance and recipe development; launching new enhanced and sustainable solutions



- Active multi-level community involvement through the *Building Romania Together* CSR platform by three main areas: Education, Social, Health & Environment



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