



TeraPlast Group

October, 2020



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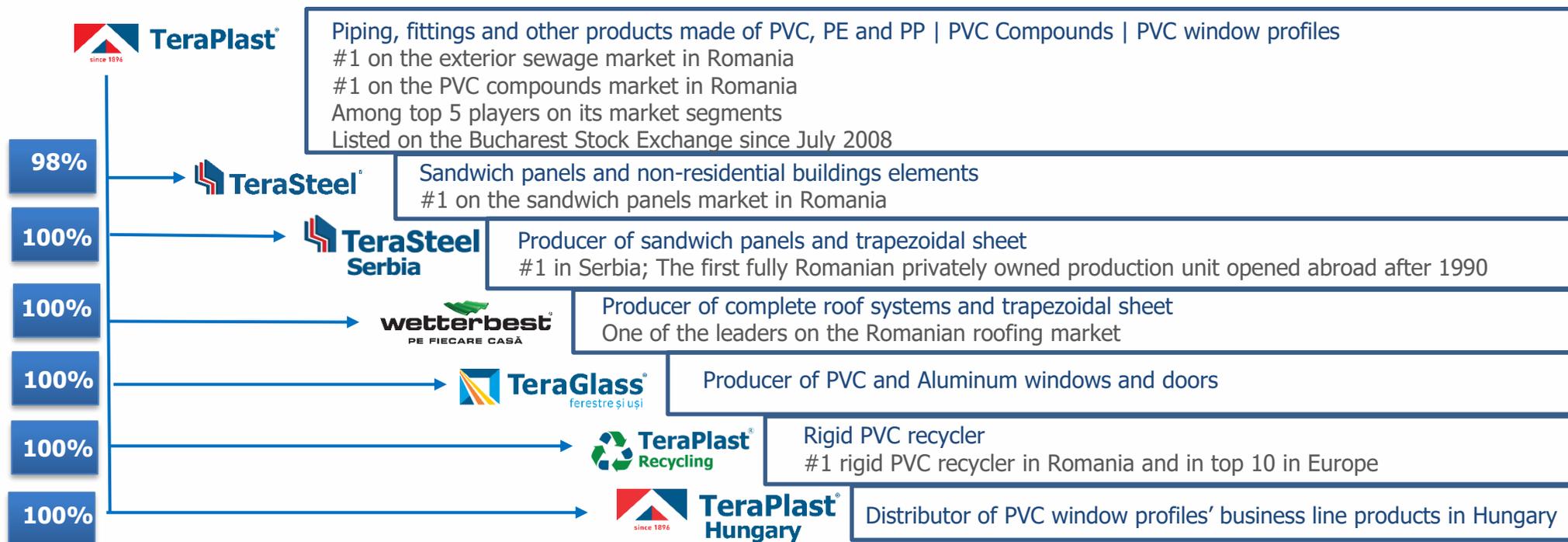
IR CONTACT



The largest Romanian construction materials manufacturer.

BBG Ticker TRP RO

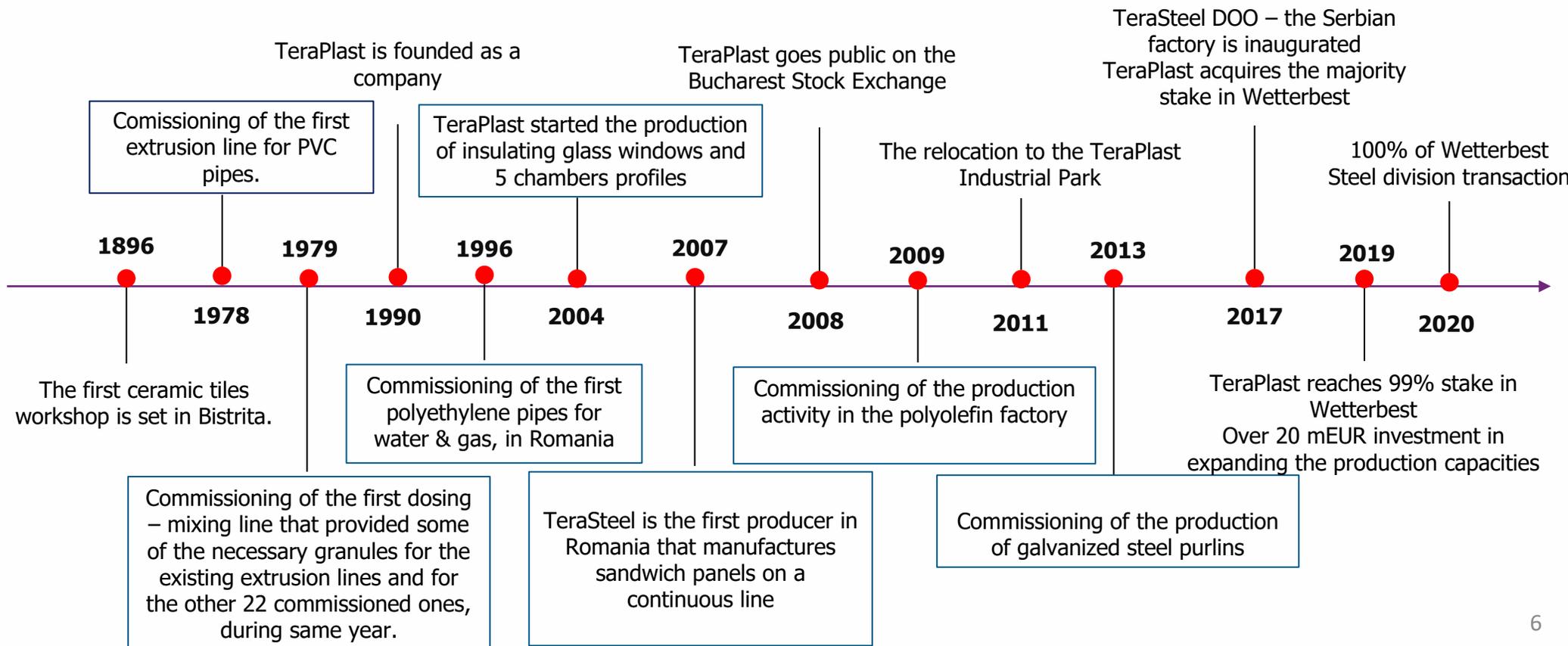
BSE symbol: [TRP](#)



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

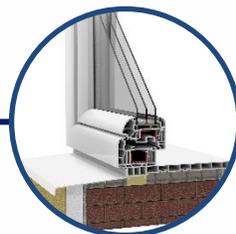
Leader on the exterior PVC
sewage market



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

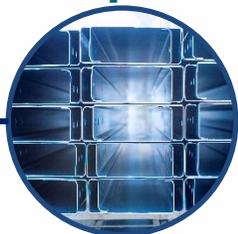
Leader of the Romanian sandwich panels market



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

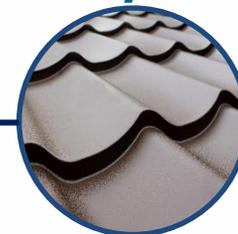
The line started producing in March 2018.



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

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

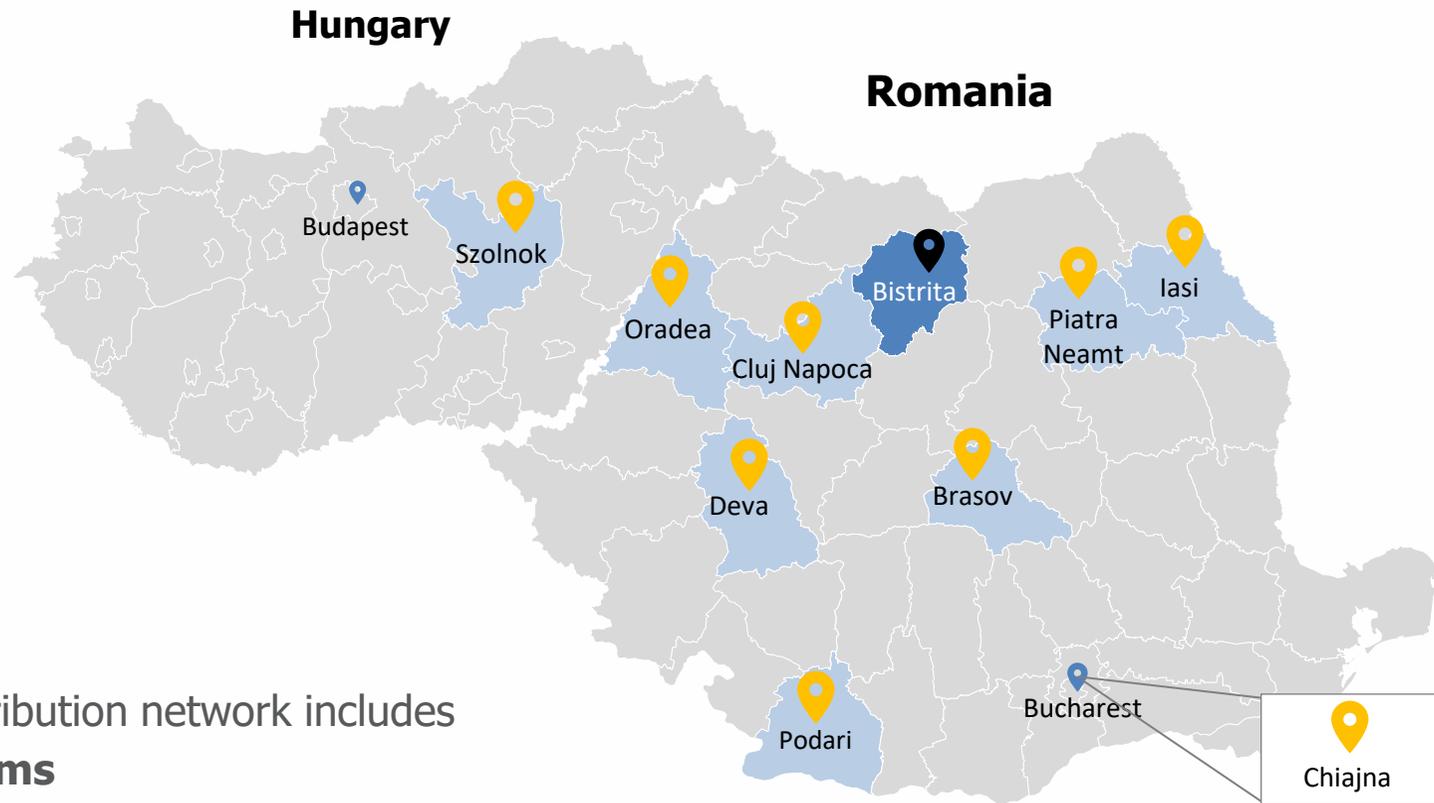
Roof systems Factory (DJ, RO)

 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.

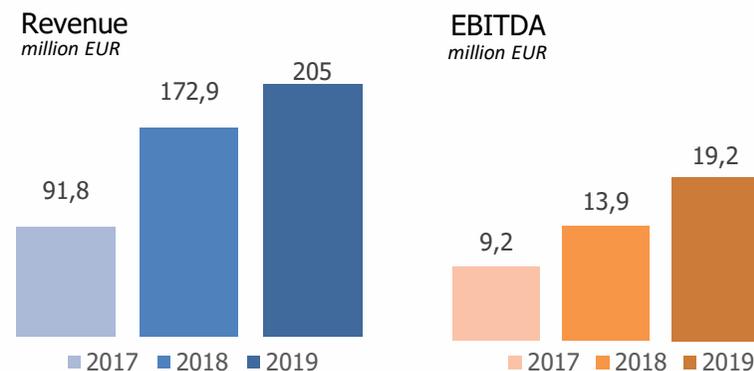
-  State capital
-  Group headquarters
-  Showrooms & distribution centers

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

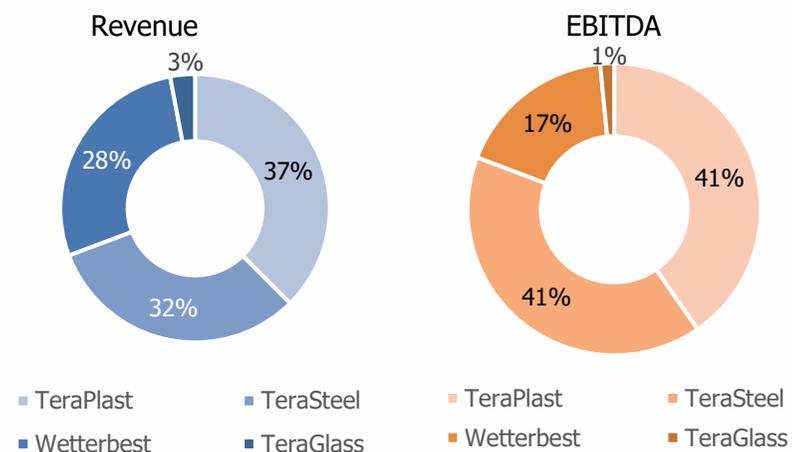
2019 KEY FIGURES

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

1 / BET inclusion
TeraPlast's shares were included in the reference index BET at the Bucharest Stock Exchange

2 / Free shares
1 share per 3,3 shares owned were granted to the shareholders

3 / Steel division
TeraPlast signed an agreement to sell its Steel division (TeraSteel RO & RS, Wetterbest) to Kingspan Group

4 / Real estate project
We have announced the implementation of a real estate project on TeraPlast factory's old location

5 / Dividends
We published the preliminary proposal for distributing dividends of over EUR 9 million

6 / Investments
We have announced investments of over EUR 20 million

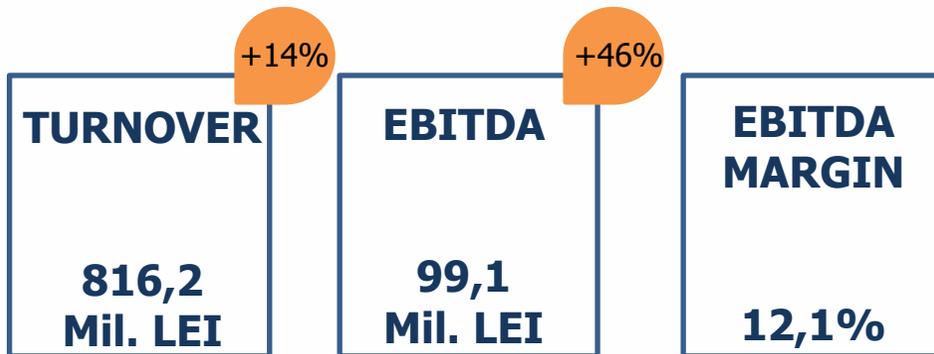
7 / FTSE inclusion
TeraPlast's shares were included in FTSE Russell's indices Total Cap & MicroCap

8 / State aid
We submitted the first investment project worth EUR 7,9 million within the state aid scheme

98,43%
TeraPlast's share yield to date in 2020

Q3 KEY FIGURES – TERAPLAST GROUP

JANUARY-SEPTEMBER 2020



JANUARY-SEPTEMBER 2019



- Organic growth of turnover and EBITDA
- The lifting of the state of emergency and, gradually, of some of the restrictions determined positive evolutions of the B2C businesses compared to the first 2 quarters
- Significantly improved EBITDA margin thanks to the performance of TeraPlast and TeraSteel in terms of profitability

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 4Q20.

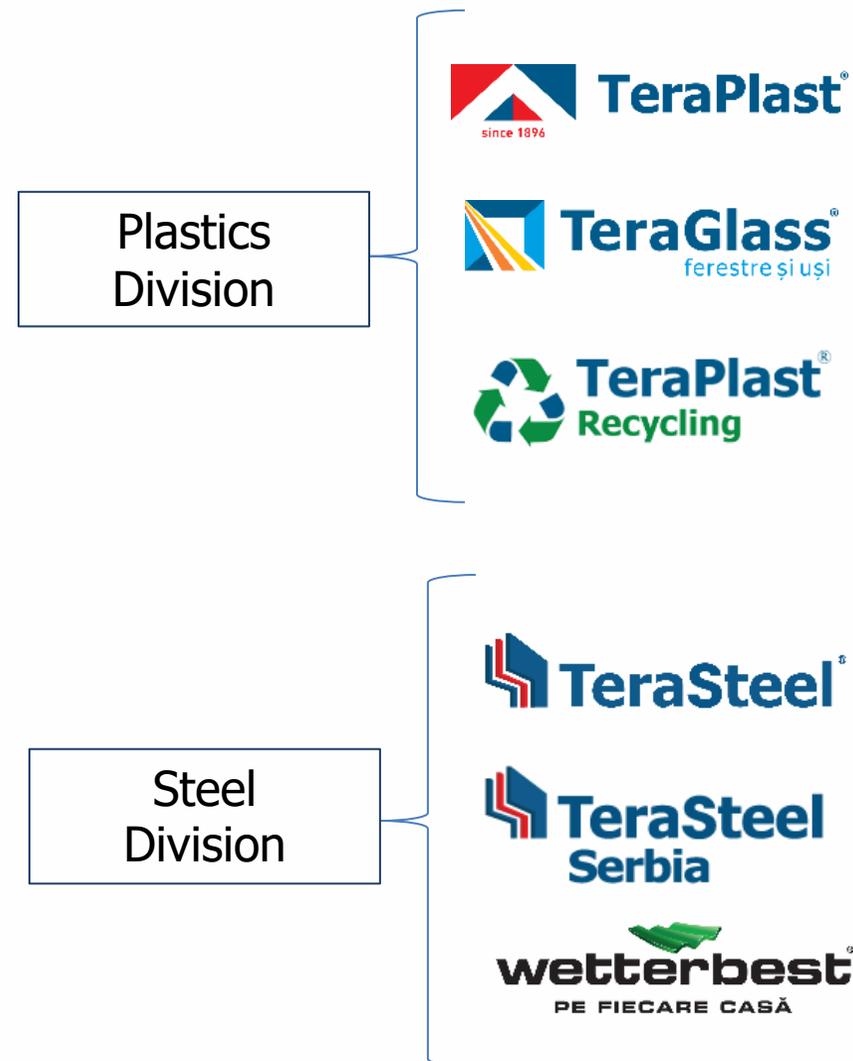




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CONSTRUCTION SECTOR IN ROMANIA

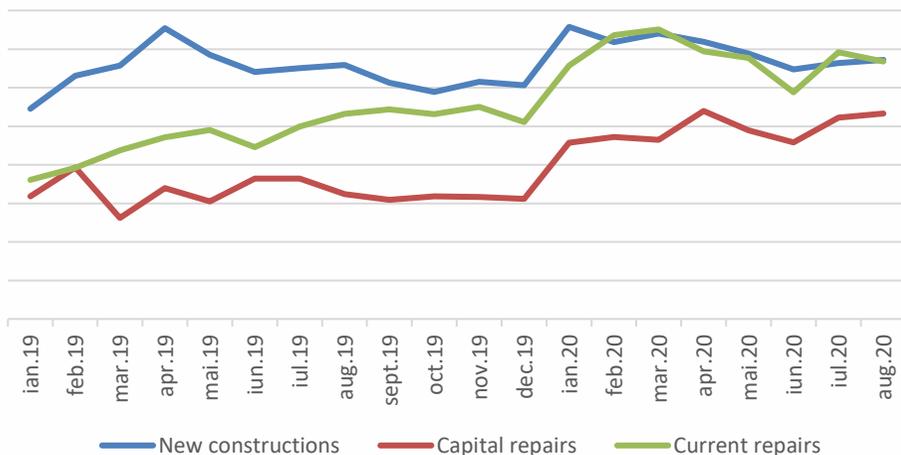
The construction sector in Romania kept its positive trend in the first 8 months of 2020 compared to the same period of 2019.

By the adjusted series, the total volume of the construction works registered a 19,2% increase compares to the first 8 months of 2019.

The positive evolution of the infrastructure works reflects in the increases registered by the maintenance works (+50,5%), by the capital repairs works (+47,5%) and by the engineering works (+25,8%).

The residential and non-residential construction volumes also had a positive evolution, increasing by 18,1% and 12,7% respectively.

By construction elements



By construction objects



Source: The most recent [report](#) of INS from October 16, 2020.

52.9%



Of the resident population in Romania is connected to a sewerage network that has a treatment station*

35%



Of the resident population in Romania is connected to the national natural gas network**

20%



Of the total EUR 1 bln budget of the National Irrigation Program were spent

54.2%



Of the resident population in Romania is connected to the sewerage network*

70.9%



Of the resident population in Romania is connected to the public water supply system* (Bulgaria over 95%)

11,5%



Represents the contracted surface for irrigation projects out of the total irrigable surface

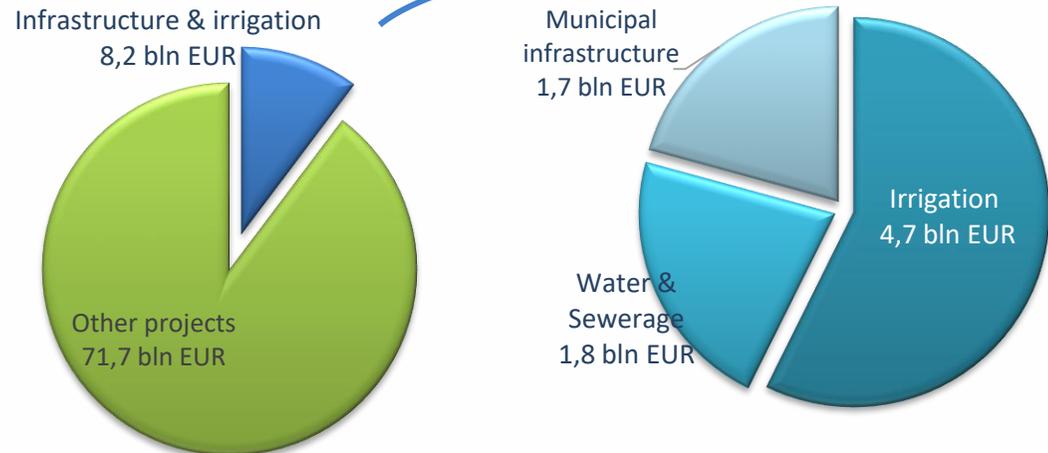
LARGE INFRASTRUCTURE (POIM)****

Total available funds: 10,8 bln EUR



RECOVERY & RESILIENCE NATIONAL PROGRAM (PNRR)***

Total available funds: 79,9 bln EUR



*Latest INS reports available for [sewerage](#) & [water](#)

**According to state representatives' statements

***[Government decision](#)

****[Official website](#)



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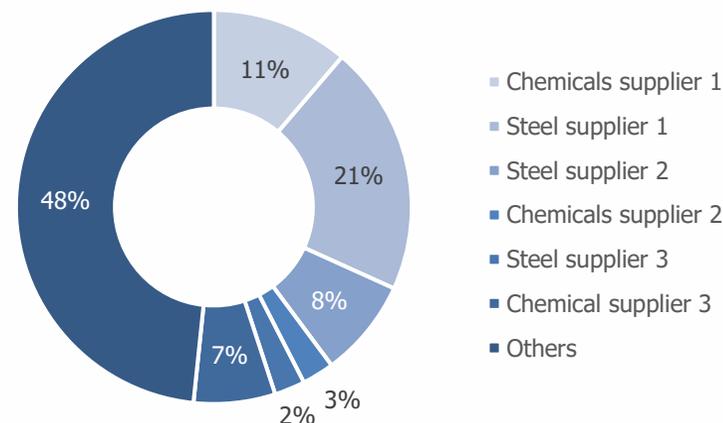
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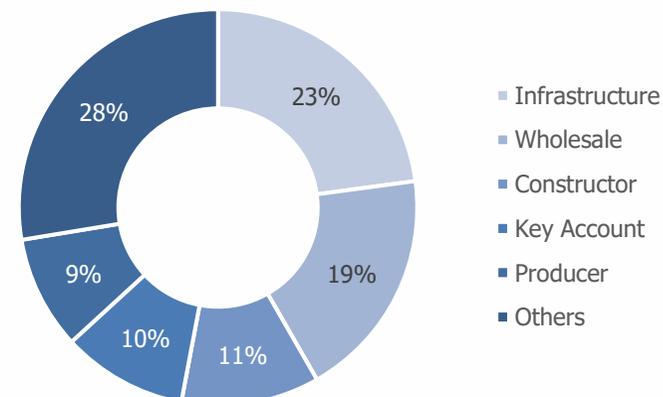
The Group has good reputation among its clients and suppliers being recognized as a trustworthy, strategic business partner

- 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



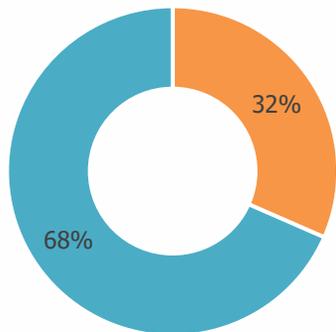
- All Group companies have trade representatives that work closely with the companies' management in all matters regarding collective agreements (except for the Serbian facility).
- **Aggressive sales incentive scheme**, bonus system targeting growth in sales and margin. The bonus schemes offer an increasing 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*



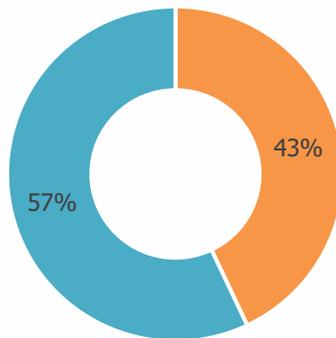
Gender distribution Group level

Women Men



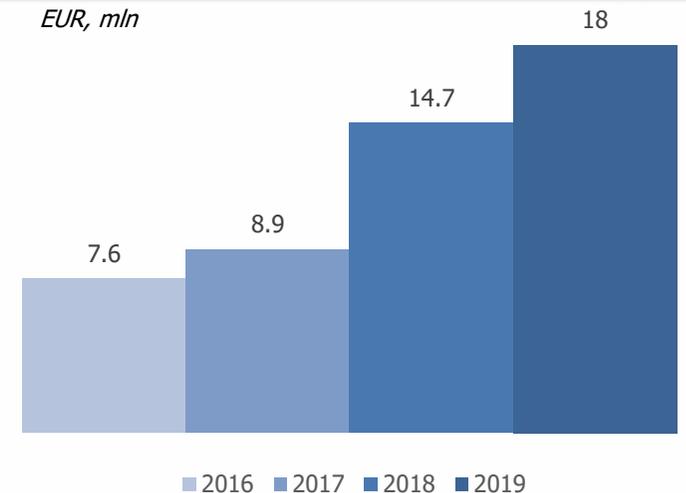
Gender distribution in management

Women Men



Personnel expenses development (Group level)

EUR, mln

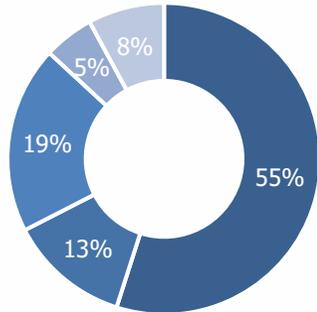


*Average for each year

EMPLOYEES

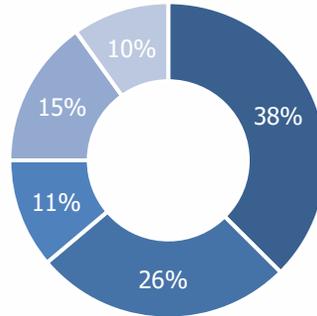
Breakdown by activity

TeraPlast



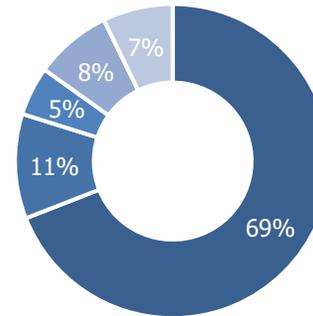
- Production
- Logistics
- Administrative
- Sales
- Financial

TeraSteel



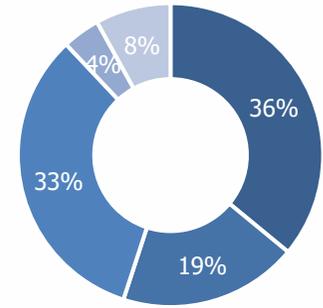
- Production
- Logistics
- Administrative
- Sales
- Financial

TeraGlass



- Production
- Logistics
- Administrative
- Sales
- Financial

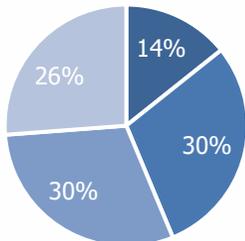
Wetterbest



- Production
- Logistics
- Administrative
- Sales
- Financial

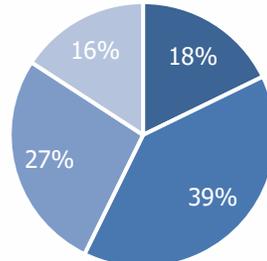
Breakdown by age

TeraPlast



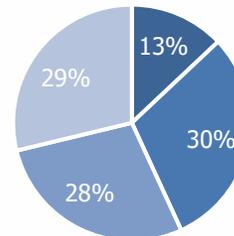
- <30 years
- 41-50 years
- 30-40 years
- >50 years

TeraSteel



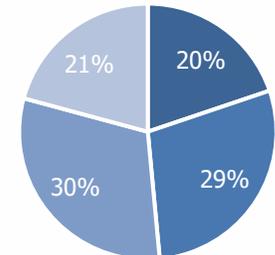
- <30 years
- 41-50 years
- 30-40 years
- >50 years

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

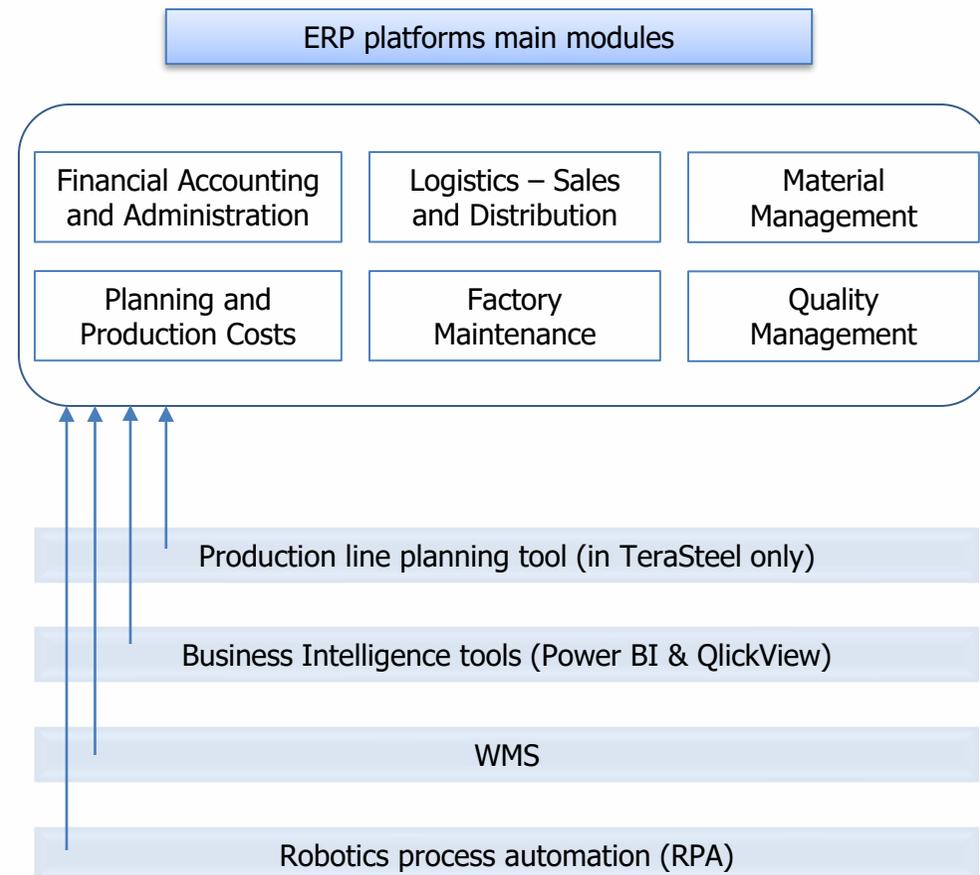




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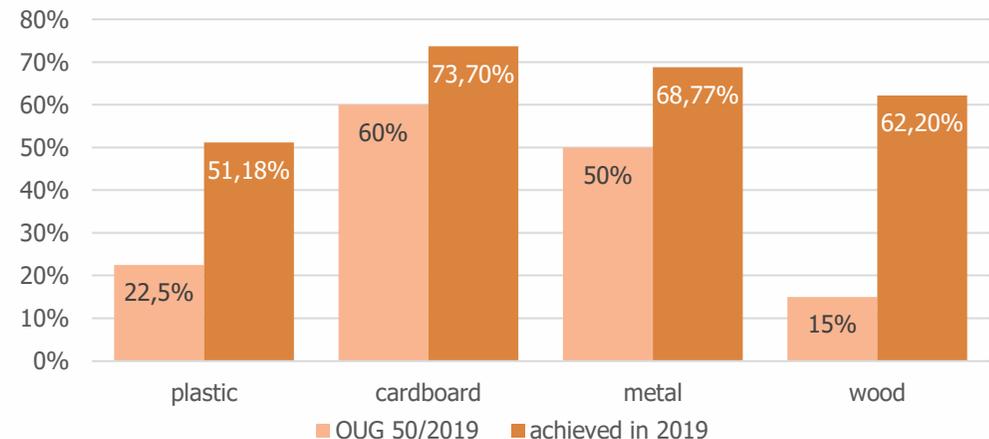
FINANCIAL PERFORMANCE

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

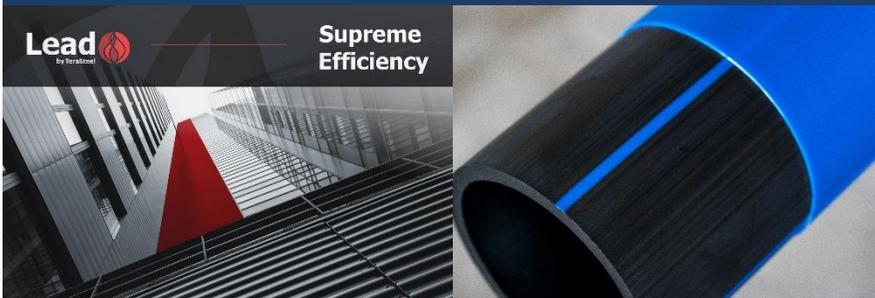


- Photo-voltaic plant that will ensure cca 11.5% of the necessary energy for the Saratel Industrial Park and will reduce, on long term, the CO2 emissions



- 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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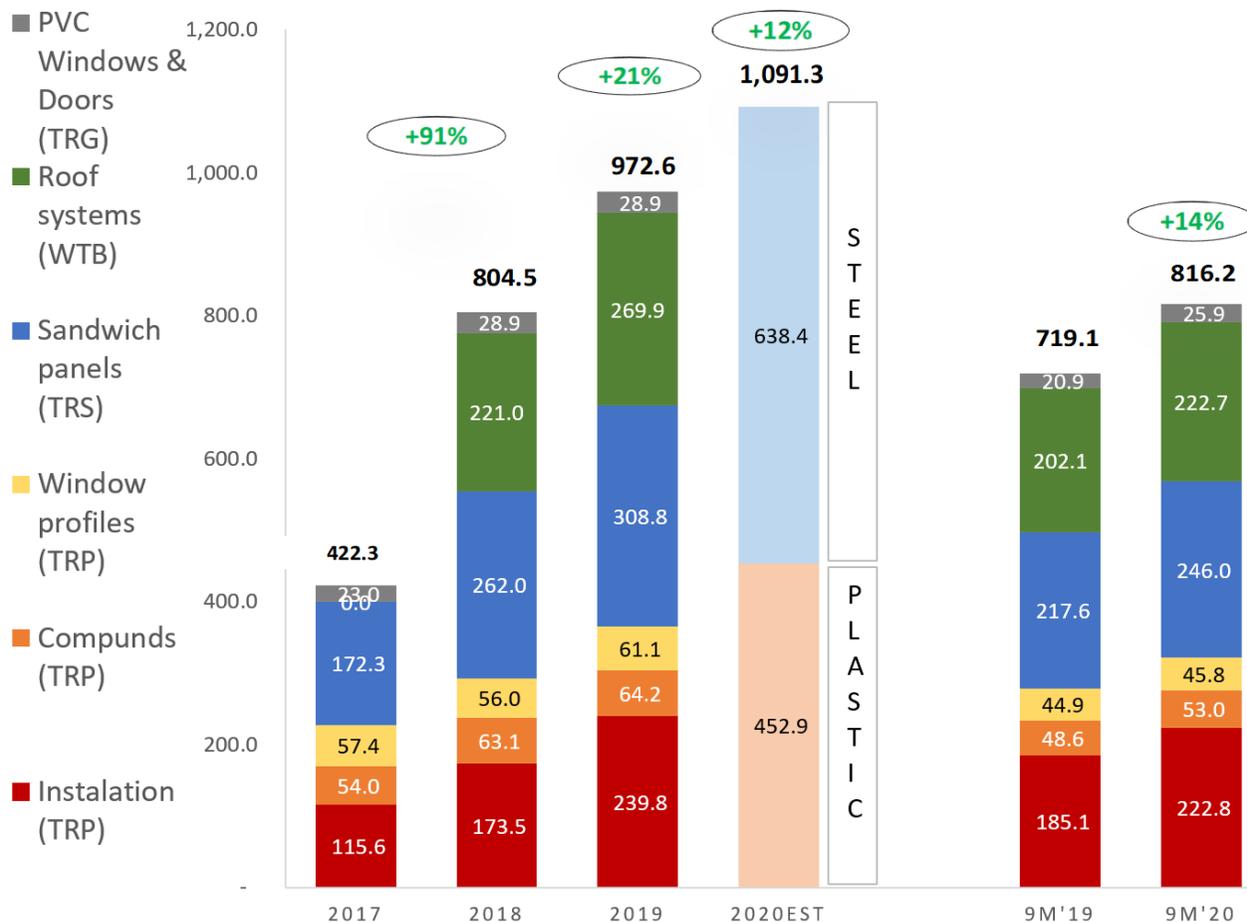
SUSTAINABLE DEVELOPMENT

FINANCIAL PERFORMANCE

IR CONTACT

NET SALES BY SEGMENT

NET SALES BY SEGMENT (AMOUNTS IN MRON)



TeraPlast (TRP):

- Still the most profitable company of the Group
- The infrastructure works kept their positive trend that sustained the outstanding results of the Installation business line
- Development plans include HFFR (Halogen Free, Fire Resistant) production line for which we are in the ramp up phase with customer trials and testing;
- Window profiles – revising business model to be closer to customers;
- Recycling – has reached its capacity, enabling profitability growth;

Terasteel (TRS)

- Increased production volumes (3,3 mil sqm in Jan-Sept 2020)
- No. 1 on the Serbian and Romanian sandwich panels markets

Wetterbest (WTB)

- Increasing EBITDA and a significantly improved profitability margin
- During Q2 and especially during Q3 the new production unit's potential began to be seen

TeraGlass (TRG)

- Largest turnover increase of the companies
- Improved EBITDA in the third quarter
- Still in focus for future improvement

PROFIT & LOSS SUMMARY Plastic Division

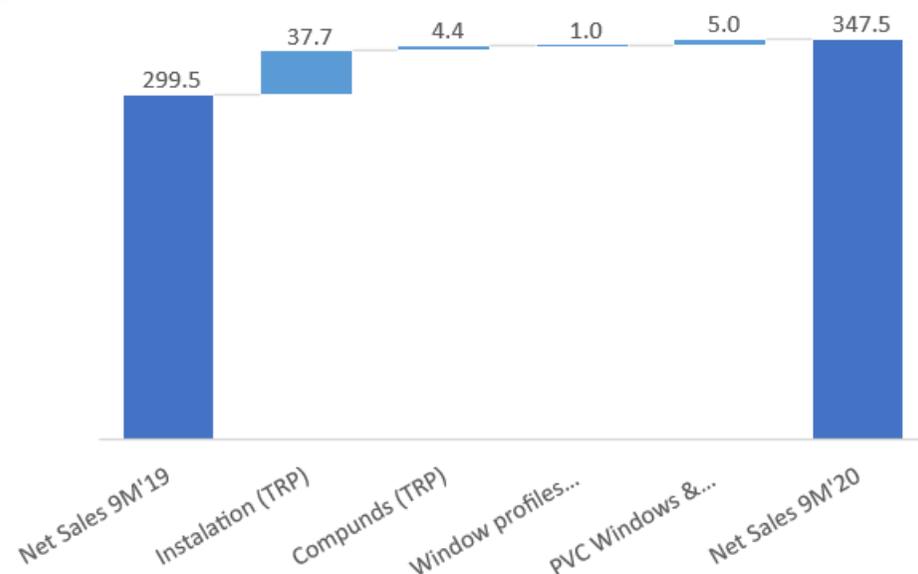
all amounts in million RON

Plastic Division P&L summary for the period	Plastic 9M '19	Plastic 9M '20	Plastic Δ 9M'20-'19	Plastic 12M '19	Plastic 12M '20e	Plastic Δ 12M'20-'19
Total Net Sales	299.5	347.5	16%	393.9	452.9	15%
Total Operating Income	299.7	347.9	16%	394.3	453.4	15%
Raw materials, consumables & merchandise	(200.2)	(212.1)	6%	(261.2)	(274.3)	5%
Salaries and employee benefits	(35.1)	(40.9)	17%	(47.8)	(54.9)	15%
Amortization, impairments, provisions and FV adj	(12.3)	(16.6)	35%	(21.2)	(22.2)	5%
Other operating expenses	(35.9)	(38.7)	8%	(48.0)	(49.9)	4%
Operating result	16.3	39.6	143%	16.2	52.0	222%
<i>Operating result % in Net Sales</i>	<i>5.4%</i>	<i>11.4%</i>		<i>4.1%</i>	<i>11.5%</i>	
Financial result	(5.1)	(3.0)	-41%	(6.5)	(4.0)	-39%
Profit before tax	11.2	36.6	227%	9.6	48.1	400%
Income tax expense	(0.7)	(3.4)	372%	(1.1)	(4.4)	291%
Net Profit for the year	10.5	33.2	217%	8.5	43.6	415%
<i>Net Profit % in Net Sales</i>	<i>3.5%</i>	<i>9.6%</i>		<i>2.2%</i>	<i>9.6%</i>	
EBITDA	29.5	55.0	86%	38.2	73.0	91%
<i>EBITDA % in Net Sales</i>	<i>9.9%</i>	<i>15.8%</i>		<i>9.7%</i>	<i>16.1%</i>	

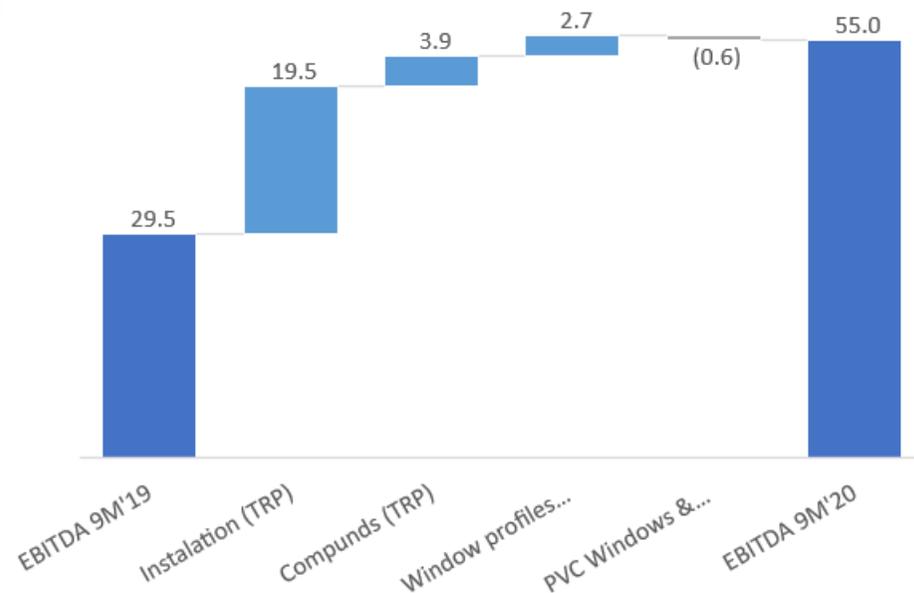
- Good perspectives for the infrastructure market evolution in the following 2 - 3 years
- Leaders on the Installation and Compounds markets
- Benefited from the raw materials acquisition strategy

PLASTIC | NET SALES AND EBITDA BRIDGE 9M'2020 VS 9M'2019

PLASTIC | Net Sales Bridge 9M'20 vs 9M'19



PLASTIC | EBITDA Bridge 9M'20 vs 9M'19



Segment	Plastic Net Sales (mRON)				Plastic EBITDA (mRON)				Plastic EBITDA Margin (%)		
	9M'19	9M'20	vs 9M'19 (abs)	vs 9M'19 (%)	9M'19	9M'20	vs 9M'19 (abs)	vs 9M'19 (%)	9M'19	9M'20	vs 9M'19 (%)
Instalation (TRP)	185.1	222.8	37.7	20%	18.7	38.1	19.5	104%	10.1%	17.1%	70%
Compounds (TRP)	48.6	53.0	4.4	9%	5.6	9.6	3.9	70%	11.6%	18.0%	56%
Window profiles (TRP)	44.9	45.8	1.0	2%	3.5	6.2	2.7	76%	7.9%	13.6%	73%
PVC Windows & Doors	20.9	25.9	5.0	24%	1.7	1.1	(0.6)	-35%	7.9%	4.1%	-48%
Total Plastic Division	299.5	347.5	48.1	16%	29.5	55.0	25.5	86%	9.9%	15.8%	61%

PROFIT & LOSS SUMMARY Steel Division

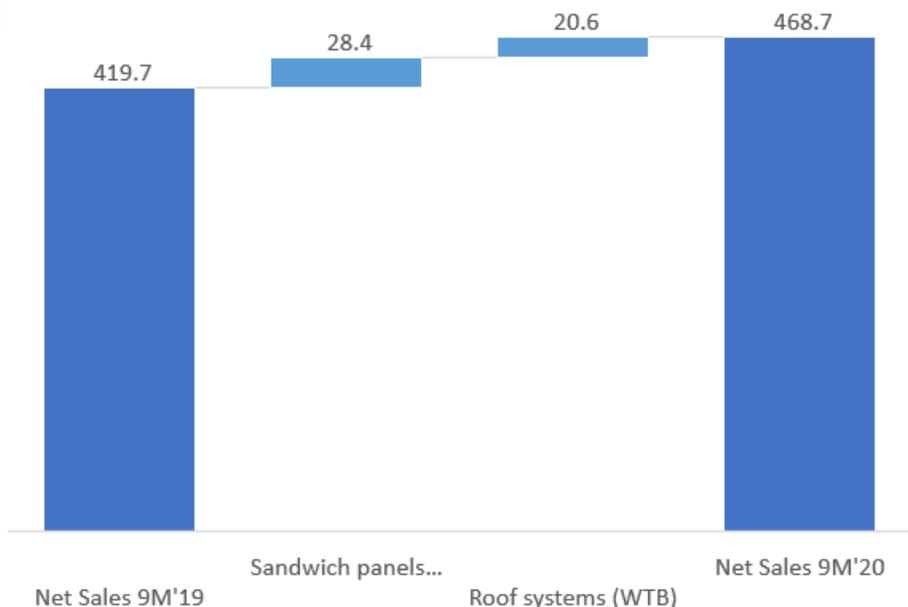
all amounts in million RON

Steel Division P&L summary for the period	Steel 9M '19	Steel 9M '20	Steel Δ 9M'20-'19	Steel 12M '19	Steel 12M '20e	Steel Δ 12M'20-'19
Total Net Sales	419.7	468.7	12%	578.7	638.4	10%
Total Operating Income	420.1	470.6	12%	579.6	642.2	11%
Raw materials, consumables & merchandise	(320.1)	(354.6)	11%	(439.7)	(481.8)	10%
Salaries and employee benefits	(26.9)	(33.4)	24%	(38.4)	(43.8)	14%
Amortization, impairments, provisions and FV adj	(8.9)	(8.9)	-1%	(13.8)	(11.9)	-14%
Other operating expenses	(34.1)	(37.7)	11%	(49.0)	(51.6)	5%
Operating result	30.1	36.1	20%	38.8	53.2	37%
<i>Operating result % in Net Sales</i>	<i>7.2%</i>	<i>7.7%</i>		<i>6.7%</i>	<i>8.3%</i>	
Financial result	(2.8)	(2.7)	-1%	(3.7)	(3.3)	-10%
Profit before tax	27.3	33.3	22%	35.1	49.9	42%
Income tax expense	(4.0)	(6.3)	57%	(4.7)	(9.1)	93%
Net Profit for the year	23.3	27.0	16%	30.4	40.8	34%
<i>Net Profit % in Net Sales</i>	<i>5.5%</i>	<i>5.8%</i>		<i>5.3%</i>	<i>6.4%</i>	
EBITDA	38.2	44.1	15%	51.0	64.2	26%
<i>EBITDA % in Net Sales</i>	<i>9.1%</i>	<i>9.4%</i>		<i>8.8%</i>	<i>10.1%</i>	

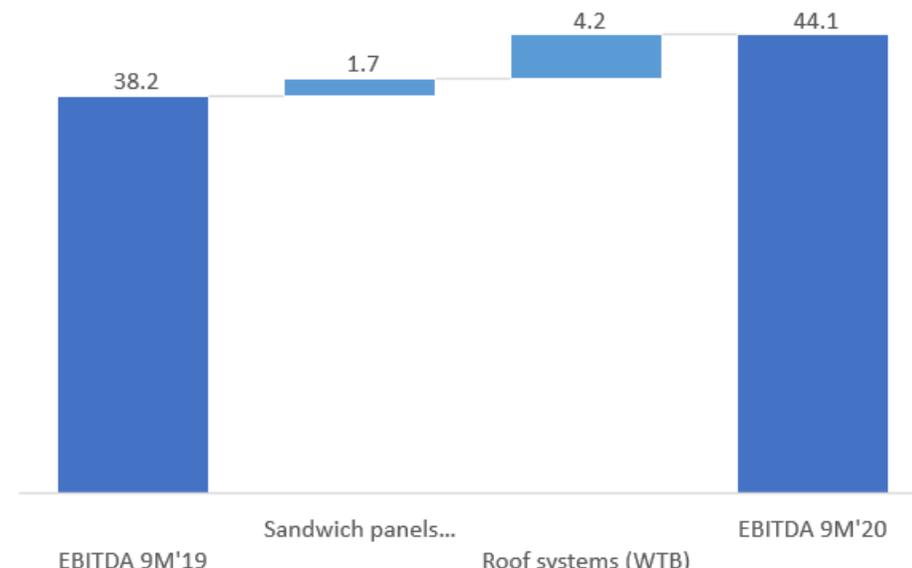
- Customary conditions for the transaction closing are on track
- Estimated value of the Steel division (headline price): RON 410 million – net debt +/- adjustments on the working capital

STEEL | NET SALES AND EBITDA BRIDGE 9M'2020 VS 9M'2019

STEEL | Net Sales Bridge 9M'20 vs 9M'19



STEEL | EBITDA Bridge 9M'20 vs 9M'19



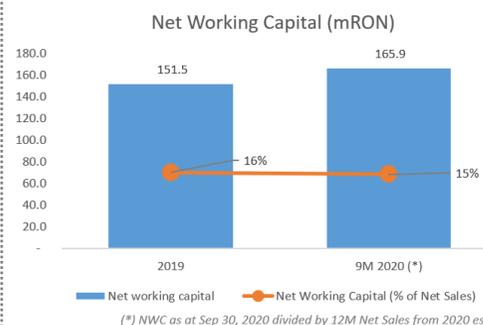
Segment	Steel Net Sales (mRON)				Steel EBITDA (mRON)				Steel EBITDA Margin (%)		
	9M'19	9M'20	vs 9M'19 (abs)	vs 9M'19 (%)	9M'19	9M'20	vs 9M'19 (abs)	vs 9M'19 (%)	9M'19	9M'20	vs 9M'19 (%)
Sandwich panels (TRS)	217.6	246.0	28.4	13%	24.9	26.5	1.7	7%	11.4%	10.8%	-6%
Roof systems (WTB)	202.1	222.7	20.6	10%	13.3	17.6	4.2	32%	6.6%	7.9%	19%
Total Steel Division	419.7	468.7	49.0	12%	38.2	44.1	5.9	15%	9.1%	9.4%	3%

Balance sheet (mRON)	2019	2020 9M	Plastic		Steel	
			@Sep'20	@Sep'20	@Sep'20	@Sep'20
Intangibles	44.0	44.5	43.5	1.0		
Tangible assets	296.9	299.2	187.6	111.6		
Other non-current assets	0.8	0.4	(2.0)	2.4		
Non-current assets	341.6	344.1	229.2	114.9		
Inventories	182.4	203.4	68.4	135.0		
Trade receivables	138.8	177.7	120.1	57.6		
Trade payables	(156.8)	(201.1)	(112.5)	(88.6)		
Trade working capital	164.4	180.1	76.1	104.0		
Other payables	(13.9)	(15.9)	(7.5)	(40.1)		
Other receivables	1.1	1.8	24.1	9.3		
Other working capital	(12.9)	(14.2)	16.6	(30.8)		
Net working capital	151.5	165.9	92.7	73.2		
Cash and cash equivalents	29.5	26.3	12.6	13.7		
Bank loans and leases	(212.4)	(163.3)	(107.7)	(55.6)		
Other non current liabilities	(15.8)	(9.6)	(9.7)	0.0		
Provisions	(1.1)	(1.1)	(0.7)	(0.4)		
Net (debt) / cash	(199.8)	(147.7)	(105.5)	(42.2)		
Subsidies	(17.3)	(30.5)	(20.4)	(10.1)		
Net assets	276.1	331.7	196.0	135.8		
Share capital	161.2	174.3	154.2	20.1		
Reserves	33.5	33.5	9.1	24.4		
Retained earnings	79.2	123.1	32.0	91.2		
Non-controlling interest	2.3	0.8	0.8	-		
Equity	276.1	331.7	196.0	135.8		

Investments 2019	mEUR
Installation (TRP)	6.9
Compunds (TRP)	2.0
Window profiles (TRP)	0.8
Sandwich panels (TRS)	1.0
Roof systems (WTB)	6.7
PVC Windows & Doors (TRG)	3.4
Total	20.8

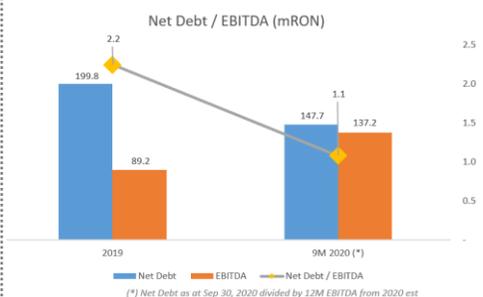
Investments in 2019

- We focused our investments in 2019 on the segments in need for margin improvement but also aimed to increase the overall capacity with great results visible through 2020;



NWC

- The significant increase in NWC in 2018 is mainly driven by steel inventory purchases near the end of 2018 to support the increase in business at the beginning of 2019;
- As a % of sales, NWC decreased each year as we're closely managing the working capital;
- Forecasted increase in NWC is in line with the overall development in our business with NWC/Sales expected to remain close to 17% by the end of 2020;



Net debt to EBITDA

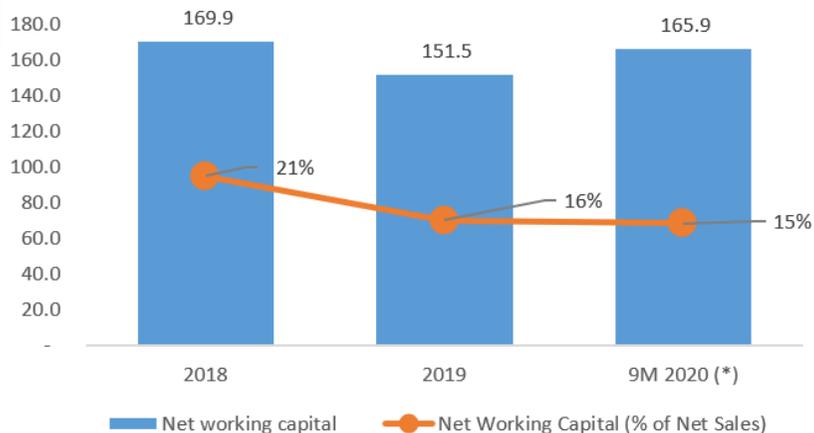
- with the significant improvements in EBITDA, we were able to use the cash generated to finance the investments while keeping the debt level low leading to a Net Debt to EBITDA of 2.1x in 2019;

Net debt structure

- Operating cash generated in 2019 (EUR 16m) was used mainly to finance the investments made through the year (EUR 2m); the remaining part was financed through debt;
- the split between short and long term financial debt is more balanced in 2020 as we took on the investment loan from EBRD;

NET WORKING CAPITAL AND CASH CONVERSION CYCLE

Net Working Capital (mRON)



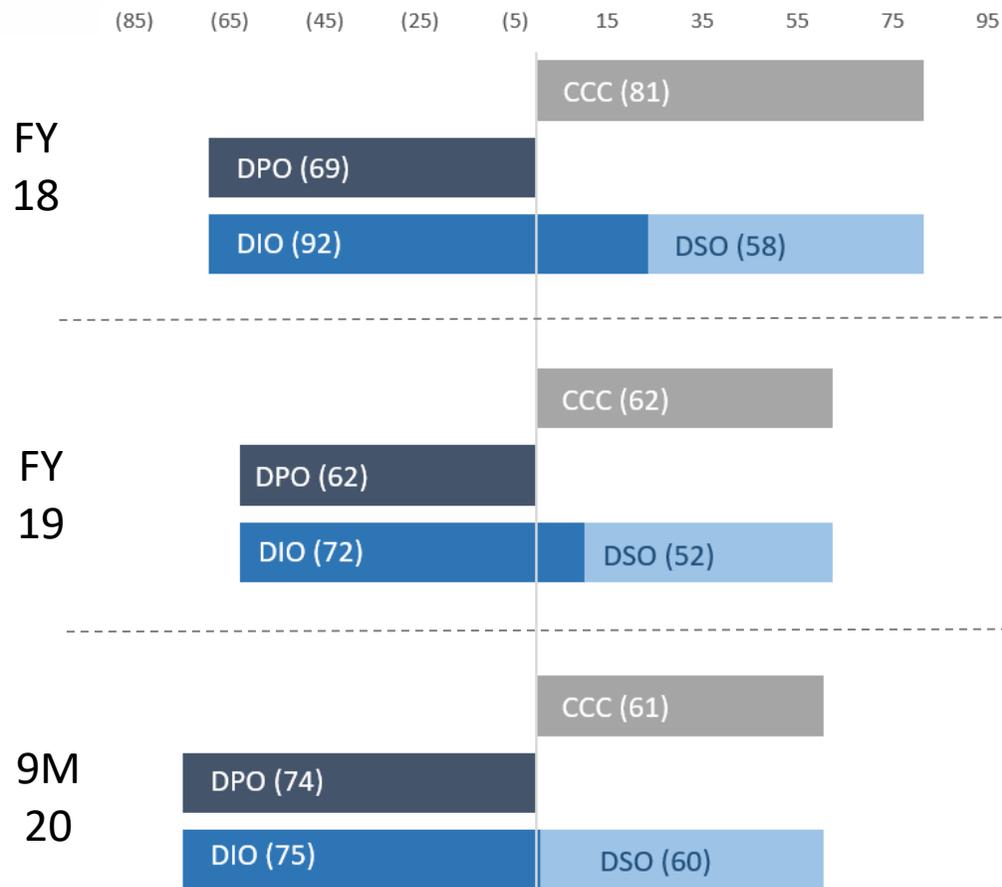
(*) NWC as at Sep 30, 2020 divided by 12M Net Sales from 2020 est

NWC

- The significant increase in NWC in 2018 is mainly driven by steel inventory purchases near the end of 2018 to support the increase in business at the beginning of 2019;
- As a % of sales, NWC decreased each year as we're closely managing the working capital;

CCC

- An improved credit policy, continuous improvements in warehouse and inventory management and a fair payable policy all led to a constant decrease of the cash conversion cycle;



Working capital management is at the top of our priority list at group level with KPI's being closely monitored and reviewed.

CASH FLOW SUMMARY

all amounts in mRON 2018 2019 9M 2020

Cash flows from operating activities

Net profit before tax	26.2	44.8	69.9
Amortization, impairments and provisions	30.8	34.0	27.1
Impairment of current assets	1.5	0.7	2.0
Gains/(losses) from sale, disposal or fair va	0.8	0.3	0.9
Dividend revenues	(0.1)	(0.1)	(0.0)
Interest expense	7.6	9.0	5.6
Gain from gaining control over an associate	-	-	-
Operating profit before changes in work	66.8	88.6	105.6
Impact of changes in NWC	(47.4)	1.0	(0.6)
Income tax paid	(3.2)	(6.0)	(5.0)
Interest paid, net	(7.6)	(9.0)	(5.6)
Other non cash items	(0.8)	0.9	(2.6)
Cash from operating activities	7.9	75.5	91.7

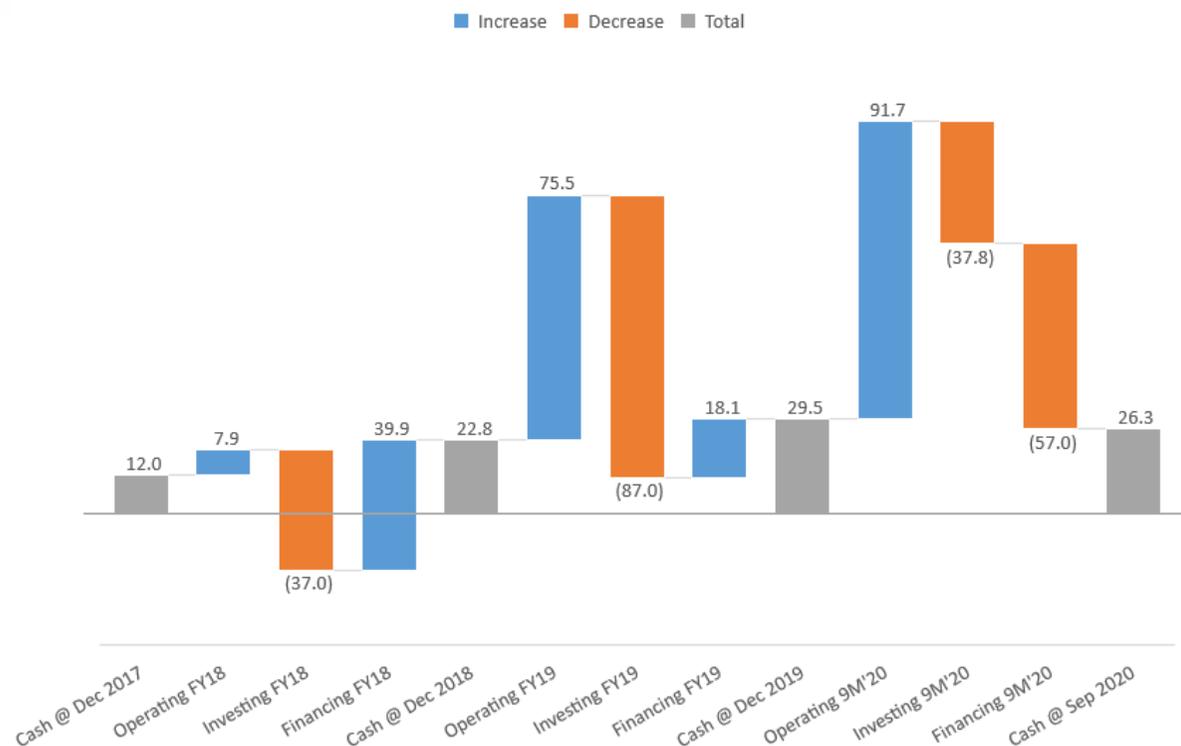
Cash flows from investments

Acquisition of tangible and intangible assets	(32.1)	(95.3)	(42.0)
M&A activity (net of purchased cash)	(6.2)	(4.8)	(20.4)
Proceeds form sale of tangible assets	2.0	1.0	8.7
Proceeds from state aid received	-	12.3	15.9
Share repurchase	(0.8)	(0.0)	-
Losses from share repurchase	-	(0.3)	-
Net cash from investments	(37.0)	(87.0)	(37.8)

Net cash from financing activities

Loan reimbursement	(16.0)	(23.0)	-
Loan drawings	12.9	32.7	19.1
Net drawings from credit lines	55.2	10.4	(76.7)
Dividends paid	(11.2)	(0.8)	-
Dividends received	0.1	0.1	0.0
Lease payments	(1.1)	(1.2)	0.6
Net cash from financing activities	39.9	18.1	(57.0)

Cash flow bridge 2018-9M'2020 (mRON)



Among the main drivers of improved liquidity in 2019:

- improved margins across the main segments (Instalation & Sadwich Panels);
- continuous improvements year over year of working capital (see relevant section below);
- Support from shareholders: reinvested the profit into the operations (no dividends declared in 2019 for 2018 profit);
- We've seen further improvement in cash flows in 2020 when we finalized investments started in previous years; we will consolidate in the following year;

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