



TeraPlast[®]

H1/2022 RESULTS

July 26, 2022

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- Forecast 2022
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Installation



TeraPlast Industrial Park

**Leader of the exterior
sewerage market**



Compounds

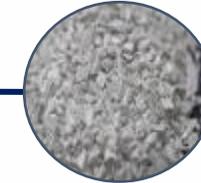


TeraPlast Industrial Park

**Leader of the Romanian
market**



Rigid PVC recycling



TeraPlast Industrial Park

**Largest producer of micronized
recycled PVC in Europe and among
top 5 PVC recyclers in Europe**



Biodegradable packaging



TeraPlast Industrial Park

**Investment of EUR 12 mln
commissioned in Q4/2021**



Polyethylene packaging



Năsăud

**Solid distribution
network abroad**



Windows and doors



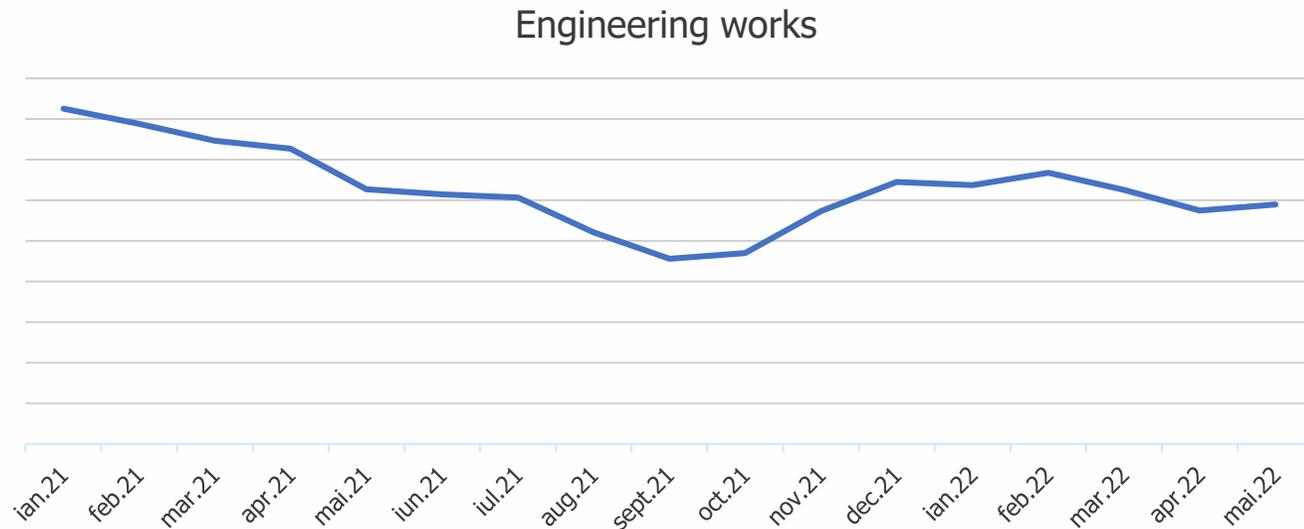
Bistrița

**Exports of approx. 70%
annually**

- The shareholders approved the distribution of dividends from the net profit from the production activity of TeraPlast SA, related to quarters 2-4 of 2021 (32 million lei)
- We submitted a project through PNRR for the construction of a new photovoltaic plant (total project value approx. 5 million euros)
- We received the financing agreement for the stretch film factory (10.8 million euros) – we are currently in the design phase of the hall
- The polyethylene systems factory produces pipes with diameters up to 1200mm
- The methodology for evaluating the Group's carbon footprint has been completed - the results of the study are to be published in August.
- We have completed an investor perception study, and this is one of the foundations on which we will build our IR strategy for the next 3 years

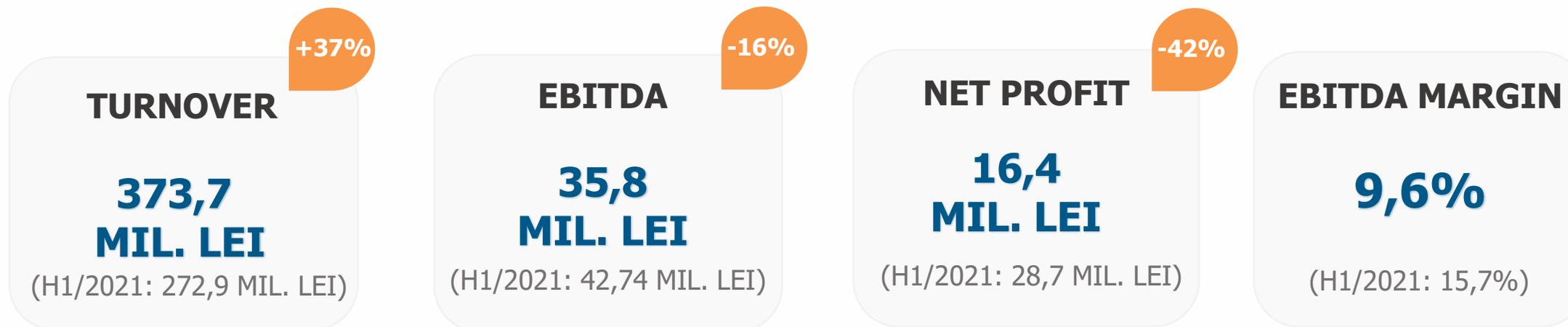


- The construction market increased by 1,3% in the first 5 months of 2022 compared to the same period of 2021.*
- **Engineering works, however, dropped by 10,8% in the same period (Jan-May 2022/2021).***
- The main causes remain delays, both in launching new tenders and in indexing old contracts according to the new costs. Blockages appeared, and activity on the construction sites stagnated.
- Through Anghel Saligny, projects worth almost 6 billion lei are approved, but we have no visibility regarding the start of their execution.



*report of INS, adjusted series

TeraPlast Group's turnover increased in the first half of 2022, but at a lower pace than previous intervals. Export sales evolved excellently in H1/2022, reaching RON 63.8 million, a 79% increase compared to H1/2021.



- The consolidated result of the Group was affected by below-estimated developments in the Windows & Doors and Flexible Packaging divisions.
- The group has timed the increase in production capacities according to the factors that determine the market. At the same time, planned investments such as the new stretch film plant are progressing, and started projects such as the water and gas pipe unit became operational in Q2.
- Difficulties in new segments caused by longer than expected maturing periods of new investments or some delays in renegotiating contracts will be overcome.

The main and traditional divisions in the Group had good developments even though the economic environment became incomparably more challenging compared to last year.

H1 2022 Results

RON, thousand

	Group Total	Installation & micronized recycled	Compounds, including recycled	Windows and doors	Flexible Packaging
Turnover	373.691	249.703	76.749	27.889	19.349
% vs H1 2021	37%	37%	19%	40%	n/a
EBITDA	35.762	30.912	10.818	-530	-5.438
% vs H1 2021	-16%	4%	-8%	n/a	n/a
EBITDA Margin	9,6%	12,4%	14,1%	-1,9%	-28,1%

- The EBITDA margin remained at the targeted levels for the Installation and Compounds business lines, but the Group margin was affected by the TeraGlass and TeraBio Pack results.
- The net profit experienced a contraction, reaching RON 16.4 million (H1/2021: RON 28.7 million), on a strong base effect and as a result of the commissioning of new investments, which are still in the ramp up phase.

INSTALLATION & RECYCLING

➤ The largest of the Group. An essential factor that determined the good development was the intensive use of recycled material. This represents a competitive advantage in the current market conditions and contributes significantly to optimal cost management.

WINDOWS & DOORS

➤ TeraGlass' negative EBITDA came from slow price updates based on new costs. The situation improved significantly in June when, based on renegotiated contracts reflecting current costs, the division had a positive EBITDA margin of 5.5%, which improved the evolution of the previous months and at the same time gives an upward direction to profitability in the second half of 2022.

FLEXIBLE PACKAGING

➤ Has not reached its break-even point yet due to the standard market penetration process: customers ask for samples for testing, and between testing and the actual order there is a considerable time interval, extended by the general market context.

➤ A boost for the production of biodegradable packaging is expected following the winning of tenders with large retail chains, which will become effective in the latter part of this year.

<i>amounts '000 lei</i>		Group total	Installations & Recycling	Compounds & Recycling	Windows & Doors	Flexible Packaging
Net sales	Results S1	373.691	249.703	76.749	27.889	19.349
	Forecast S2	334.670	206.283	71.261	34.335	22.791
	Total 2022	708.361	455.987	148.010	62.224	42.140
	% vs 2021	▲ 15%	▲ 12%	▲ 0%	▲ 43%	▲ 150%
EBITDA	Results S1	35.762	30.912	10.818	(530)	(5.438)
	Forecast S2	47.519	35.782	9.525	1.997	215
	Total 2022	83.281	66.694	20.343	1.467	(5.223)
	% vs 2021	▲ 12%	▲ 33%	▼ -24%	▲ 47%	▼ 40%
EBITDA margin	Results S1	9,6%	12,4%	14,1%	-1,9%	-28,1%
	Forecast S2	14,2%	17,3%	13,4%	5,8%	0,9%
	Total 2022	11,8%	14,6%	13,7%	2,4%	-12,4%
Net profit	Results S1	16.402				
	Forecast S2	27.143				
	Total 2022	43.545				
	% vs 2021	▼ -2%				

We remain as determined to increase the Group's profitability through various measures and levers, despite some adverse phenomena, such as those we encountered: expensive raw materials or blockages in the field of construction. We are still aiming for double-digit growth but adapted to the new economic reality.

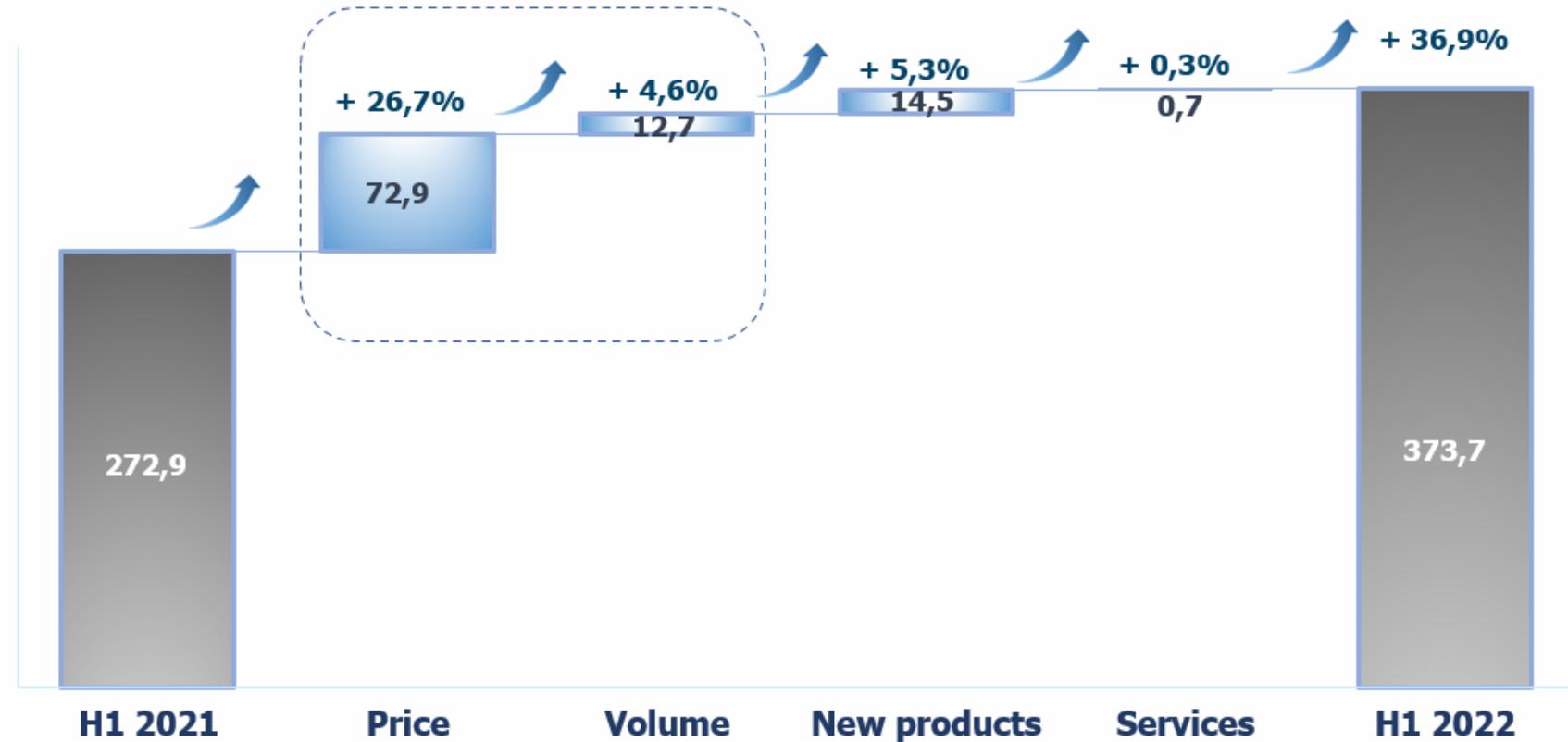
The budget considered a much more favourable macroeconomic scenario, on a different trajectory than the one that materialized (none of the announced infrastructure programs have started: PNRR, Anghel Saligny and there are also delays in the POIM projects). For these reasons we have revised the forecast for 2022. The new projections consider:

- 15% increase in turnover compared to 2021
- 12% increase in EBITDA compared to 2021 and maintaining a double-digit Group EBITDA margin of 11.8%
- The main sources of growth remain Installations and Recycling, and a positive effect is expected from a potential revitalization of infrastructure works in the second part of Q3
- For the Compounds line, the Group aims an EBITDA of over RON 20 million and a margin of 13.7%
- The net profit will be similar to last year, when the Group recorded a net profit from the operational activity of RON 42.3 million.

+37% growth in turnover H1 2022 vs H1 2021

- A significant proportion of the increase in turnover is due to price increases, as a result of higher production costs.
- The largest volume increases were in PVC pipes and recycled PVC micronised (TRP Recycling).
- The turnover of new products relates mostly to biodegradable packaging, plus the new products launched in 2022 TeraDuct (telecommunications infrastructure and fibre optic tubing) and NeoTer (floor heating systems) which were commissioned at the end of H1 2022.

amounts in mil RON



H1/2022 Summary P&L RON '000

	FY'2021	FY2022B	Var % vs PY	6M'21	6M'22	Var % vs PY
Net Sales	615.111	708.361	15%	272.903	373.691	37%
Other operating income	3.486	4.322	24%	1.391	243	-83%
Total operating income	618.597	712.683	15%	274.294	373.934	36%
Raw materials, consumables & merchandise	(406.509)	(466.051)	15%	(173.633)	(255.723)	47%
Salaries and employee benefits	(69.275)	(79.854)	15%	(30.083)	(41.328)	37%
Depreciation and adjustments for asset depreciati	(23.204)	(24.908)	7%	(8.942)	(13.712)	53%
Other operating expenses	(66.291)	(83.648)	26%	(27.876)	(40.177)	44%
Total operating costs	(565.279)	(654.461)	16%	(240.534)	(350.941)	46%
EBIT	53.319	58.222	9%	33.760	22.993	-32%
EBITDA	74.640	83.281	12%	42.782	35.762	-16%
<i>EBITDA %</i>	<i>12,1%</i>	<i>11,8%</i>		<i>15,7%</i>	<i>9,6%</i>	
Financial Result, net	(2.344)	(5.909)	152%	(1.791)	(3.036)	70%
Profit before tax	50.975	52.313	3%	31.970	19.957	-38%
Income tax expense	(8.684)	(8.495)	-2%	(3.295)	(3.555)	8%
Net Profit %	42.291	43.818	4%	28.674	16.402	-43%
<i>Net Profit %</i>	<i>6,9%</i>	<i>6,2%</i>		<i>10,5%</i>	<i>4,4%</i>	

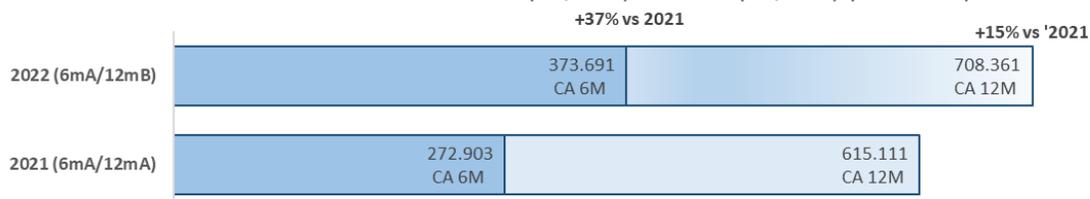
Net sales

- Increase in sales prices, volume increases and new products
- Exports were 17% of net sales in S1/2022 (13% in S1/2021)

EBITDA

- The EBITDA margin remained at the targeted levels for the Installations and Compounds business lines
- PVC recycling was an essential factor that determined EBITDA growth at Installations. The use of recycled PVC represents a competitive advantage in the current market conditions and contributes significantly to optimal cost management.
- The increase in the prices of raw materials could not be fully transferred to the final customers.
- The flexible packaging division, new within the group, had negative EBITDA in 2022 as it requires additional production costs and a longer optimization period due to the standard market penetration process and the general unfavorable context.

Net sales evolution 2022 (6a/12b) vs 2021 (6a/12a) (RON'000)



EBITDA 2022 (6a/12b) vs 2021 (6a/12a) (RON'000)



all amounts in thousands of RON unless otherwise specified

H1/2022 Summary P&L- Segments RON '000	Teraplast Group			Installations and recycling			Compounds			Windows&Doors			Flexible Packaging	
	6M'21	6M'22	Var % vs PY	6M'21	6M'22	Var %	6M'21	6M'22	Var %	6M'21	6M'22	Var %	6M'21	6M'22
Net Sales	272.903	373.691	37%	182.242	249.703	37%	64.592	76.749	19%	19.915	27.889	40%	6.154	19.349
Other operating income	1.391	243	-83%	950	157	-84%	4	53	1352%	410	14	-97%	27	20
Total operating income	274.294	373.934	36%	183.193	249.860	36%	64.596	76.802	19%	20.324	27.903	37%	6.181	19.369
Raw materials,consumables & merchandise	(173.633)	(255.723)	47%	(115.018)	(164.988)	43%	(42.949)	(57.366)	34%	(11.398)	(18.023)	58%	(4.268)	(15.346)
Salaries and employee benefits	(30.083)	(41.328)	37%	(19.537)	(25.376)	30%	(5.188)	(4.350)	-16%	(4.137)	(5.754)	39%	(1.221)	(5.848)
Depreciation and adjustments for asset depreciati	(8.942)	(13.712)	53%	(6.191)	(9.411)	52%	(1.680)	(1.512)	-10%	(893)	(969)	8%	(177)	(1.821)
Other operating expenses	(27.876)	(40.177)	44%	(19.226)	(27.502)	43%	(4.686)	(4.268)	-9%	(3.284)	(4.450)	36%	(681)	(3.957)
Total operating costs	(240.534)	(350.941)	46%	(159.971)	(227.277)	42%	(54.503)	(67.496)	24%	(19.712)	(29.196)	48%	(6.347)	(26.971)
EBIT	33.760	22.993	-32%	23.221	22.582	-3%	10.093	9.306	-8%	612	(1.293)	-311%	(166)	(7.603)
EBITDA	42.782	35.762	-16%	29.601	30.912	4%	11.773	10.818	-8%	1.369	(530)	-139%	39	(5.438)
EBITDA %	15,7%	9,6%		16,2%	12,4%		18,2%	14,1%		6,9%	-1,9%		0,6%	-28,1%

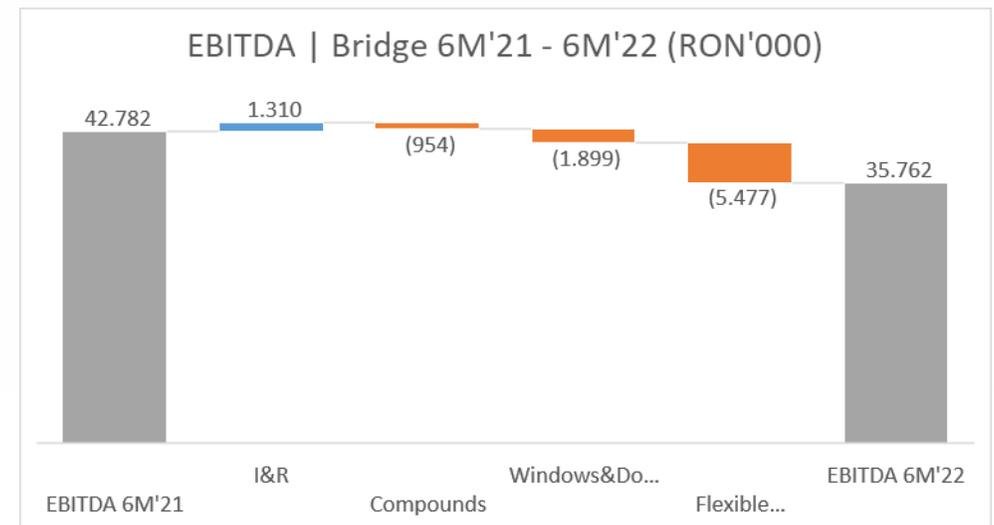
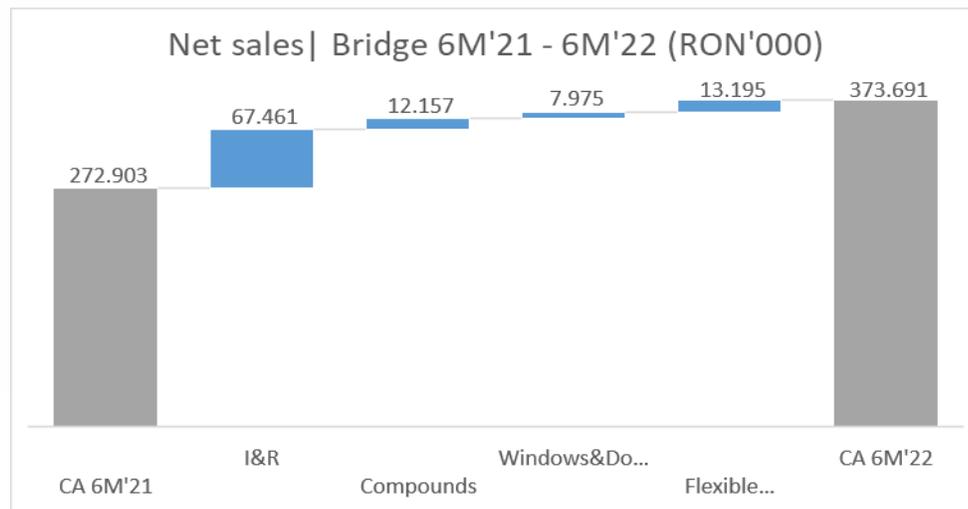
The consolidated result at Group level was affected by below-estimated developments in the Windows & Doors and Flexible Packaging divisions. The latter did not break even due to the standard market penetration process

The recycling business had double margins compared to last year, which raised the performance of the division.

The highest EBITDA margin in the Group. In terms of value, the indicator is slightly below the record level of H1'21.

It is estimated that the positive trend started in June will continue, when it recorded 5.5% EBITDA.

The objective for H2 is to reach the break-even point.



H1/2022 | Balance sheet summary

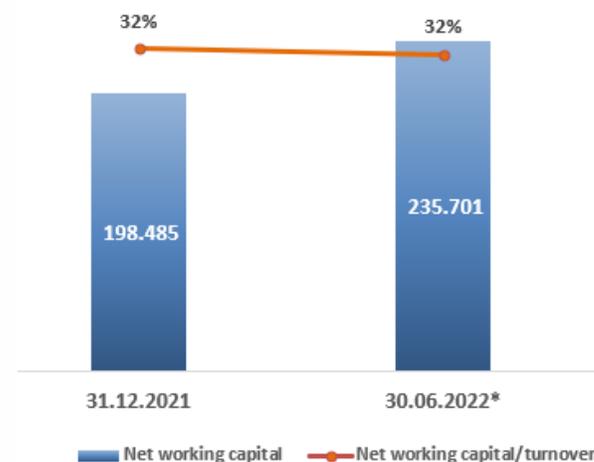
RON '000	TRP Group	
	31.12.2021	30.06.2022
Intangible assets	2.362	2.986
Tangible assets	287.932	326.037
Real estate investment	4.356	4.356
Other fixed assets	1.609	1.536
Total fixed assets	296.259	334.915
Inventories	118.076	166.887
Receivables	171.569	210.552
Trade debts	(103.855)	(148.816)
Trade working capital	185.790	228.623
Other debts	(3.186)	(4.596)
Other receivables	15.881	11.674
Working capital - other	12.695	7.078
Net working capital	198.485	235.701
Receivables represents dividends paid and share capital increase from the profit of the year	270.196	-
Dividends to be paid	-	(32.731)
Cash	7.712	2.923
Finance lease loans and debts	(135.535)	(188.878)
Other long-term debts	(9.013)	(8.425)
Provisions	(2.189)	(1.125)
(Net debt)/Net Cash	(139.025)	(195.506)
Investments grants	(34.384)	(32.793)
Net assets	591.531	309.587
Share capital	212.965	217.900
Reserves	49.174	49.174
Retained earnings	325.740	39.008
Non-controlling interests	3.651	3.505
Equity	591.531	309.587

Key aspects

Net debts/ EBITDA (`000 RON, x)



Net working capital and % in sales `000 RON



* Turnover and EBITDA from the last 12 months

- Investment payments were 44.3 million lei in H1 2022.
- In 2022, the Group will invest in:
 - 10 million lei to improve production capacities
 - 22.6 million lei in renewable energy production
 - We will start the 56 million lei investment in the stretch film factory, co-financed by state aid
- Of the remaining state aid of 55 million lei to be received, 31 million lei in reimbursement claims were submitted in March, of which we received 12 million lei in state aid for BioPack, and TRP will receive it during Q3 2022.
- Net working capital increased in value in Q2'22 vs Q1'22 in line with sales growth
- In the second half of the year, the Group will generate Cash from operations, including as a result of seasonality

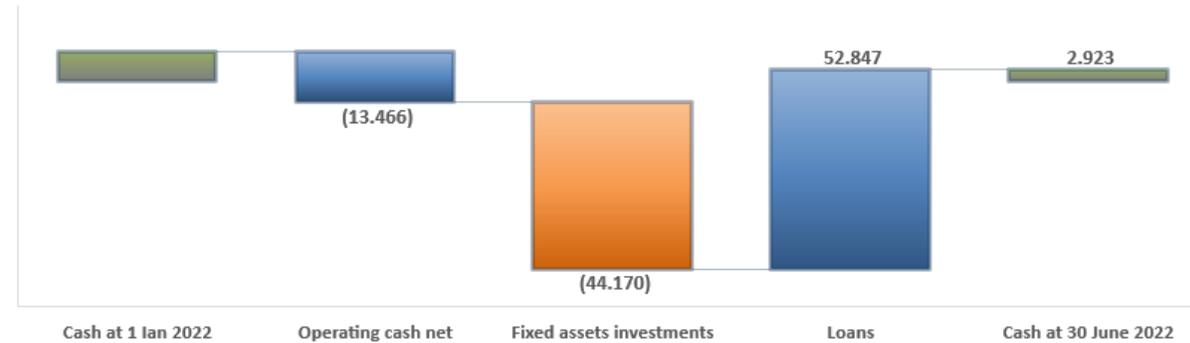
H1/2022 | Cash flow summary

RON `000

Cash flow summary	6 M 2021	6 M 2022
Net profit before tax	217.559	19.957
Net profit adjustments	(178.634)	18.157
(+) Operating profit before changes in working capital	38.925	38.114
Net impact working capital	(84.938)	(46.411)
Income tax paid	(1.550)	(735)
Interest paid	(1.556)	(2.844)
Income from subsidies	(811)	(1.591)
(-) Subtotal changes in working capital and other	(88.855)	(51.580)
=> Cash from operating activities	(49.930)	(13.466)
Payments for fixed assets acquisitions	(31.281)	(44.314)
Receipts from sales of fixed assets	95	145
Receipts from sales of Steel business and Profile division	375.483	-
=> Net cash used for investments	344.298	(44.170)
Net repayments of loans and leasing	(49.571)	52.847
=> Net cash from finance activities	(49.571)	52.847
Net variance	244.797	(4.789)
Cash & Equiv at Jan 1, 2021/2022	16.621	7.712
Cash & Equiv at June 30, 2021/2022	261.418	2.923

Bridge 30 June 2022

Bridge cash-flow H1 2022 (`000 RON)

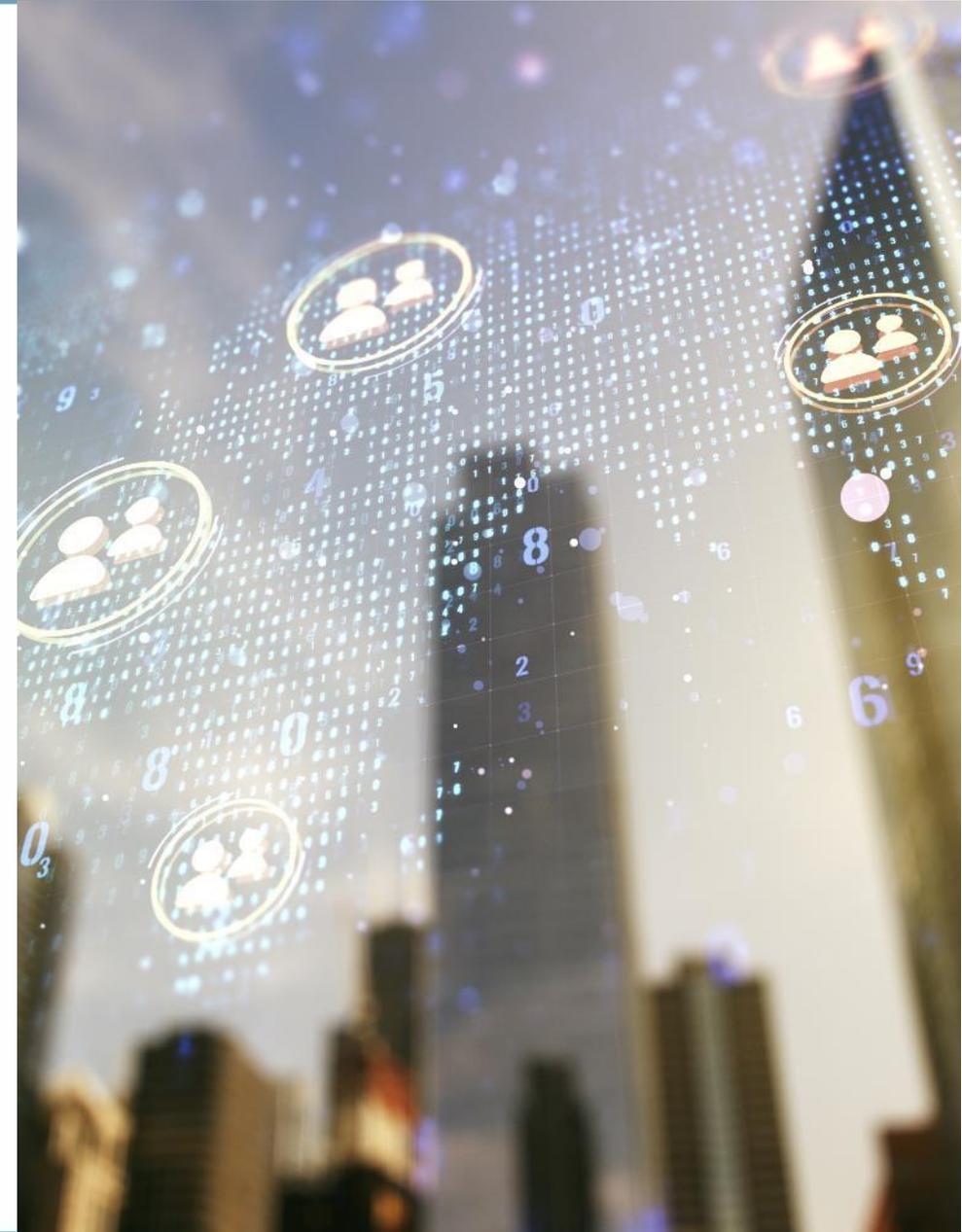


- The investments paid in H1 2022 are mostly co-financed by state aid, therefore the increase in net debts is temporary.
- In H2, the focus is on reducing working capital as response to the market context.

1. Regarding biodegradable packaging, what is the status of the contracts and tenders that have taken place? Did it succeed in entering certain large chains? What is contracted so far for 2022, in % how much does it represent of the target for 2022?
2. Regarding M&A, for almost a year the message has been sent that you want value and not just acquisitions for the sake of acquisitions, although at the end of 2021 things seemed firmer. Is something set for 2022, or, taking into account the current context, is it postponed to 2023?
3. For 2022, when will the funds from Anghel Saligny and/or PNNR start coming in and for what activities?
4. Regarding the international fairs you participated in this year, you said at one point that there were some contacts with potential in the future. Has anything materialized for 2022?
5. Will it be possible, this year, for the price of the TRP share to return to the level of 2021?
6. What investments should we expect in the near future?
7. How do you predict that the construction materials market will evolve in the 2nd part of the current year?
8. When do you expect to be able to offer stretch film on the flexible packaging market in Romania?
9. Will you ask for the approval of the AGM for the budget amendment?
10. We have calculated that the ratio of production revenue to the cost of raw materials is decreasing. What do you think will be the trend in the future? Are you having trouble passing on cost increases to your end customers?
11. From the individual financial statements, I noted that you pay your investments in full from loans. How do you accomplish this?
12. Although the customer collection period is decreasing, the balance of trade receivables is increasing. Are you thinking of insuring them, at least partially?

Thank you!

Q&A





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