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TeraPlast[®]

Financial results
Q3 2022

October 26, 2022



Installation



TeraPlast Industrial Park

Leader of the exterior sewerage market



Compounds

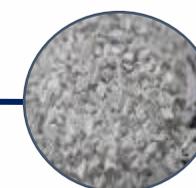


TeraPlast Industrial Park

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

- We have established a subsidiary in Hungary, in the town of Berettyoujfalu, Hajdu-Bihar county, which represents a logistic base for effective coverage of the local market.
- The members of the Board of Directors, as well as the President of the Board of Directors, were re-elected for a new 1-year term.
- We reached a settlement with Alfa Construct Partners to terminate the agreement regarding the real estate project on Zefirului Street in Bistrita. We remain open to the sale of the land of approx. 2ha for the development of a real estate project.
- We launched the Neoter by TeraPlast underfloor heating system.
- TeraPlast Investor Day will take place on November 3 in the TeraPlast Industrial Park in Sărățel.
- We have completed the assessment of the Group's carbon footprint, on Scope 1 and 2, which shows that the Group's carbon footprint is 22,494 tons of CO2 equivalent.*

*according to the study made with denkstatt Romania – consultants specialized on sustainability.



➤ Regional development

- Exports in line with our plans: +51%
- We have opened the subsidiary in Hungary which will be operational as early as Q4/2022

➤ Photovoltaic plant

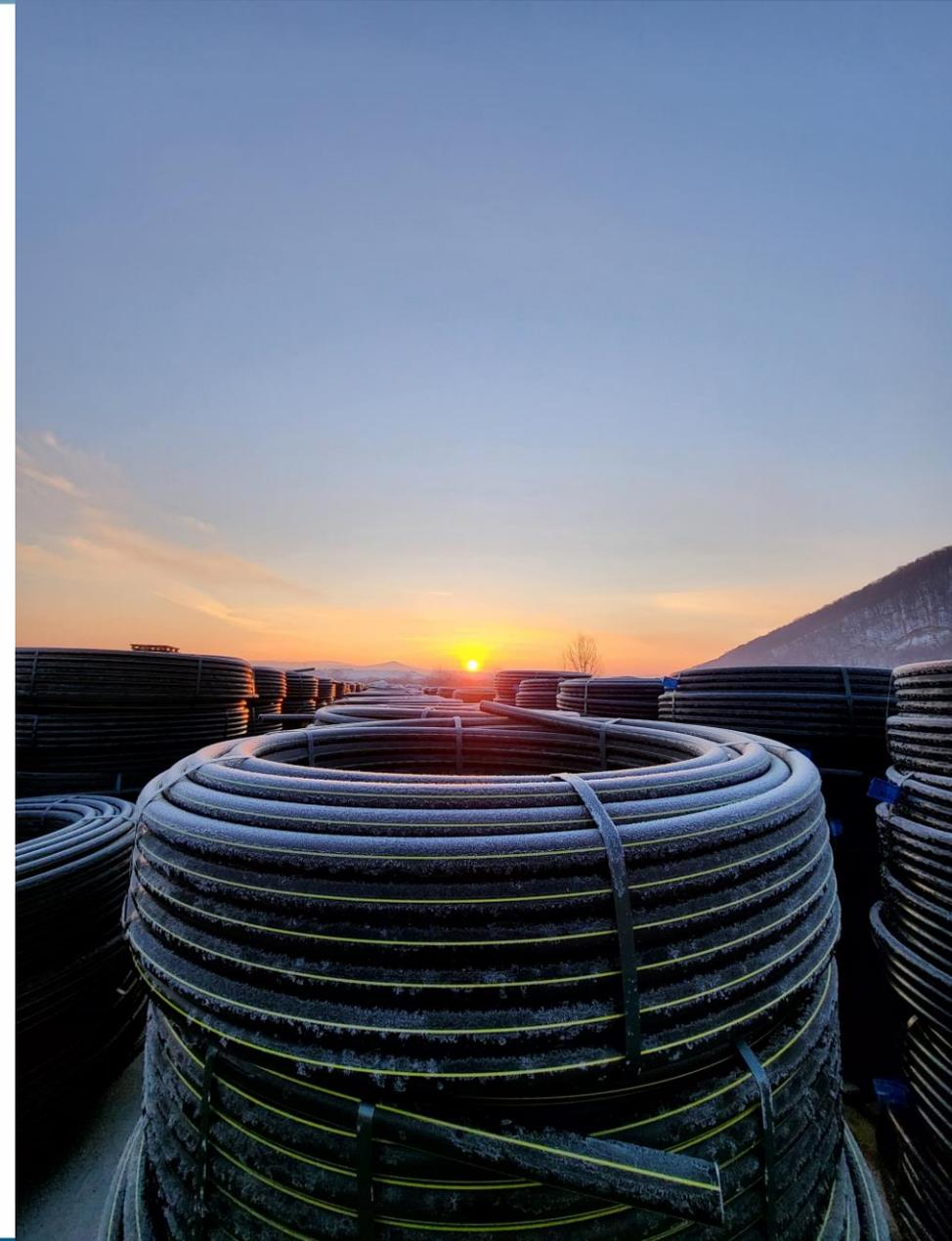
- Project worth over RON 19 million in total
- Pending authorisation
- We estimate the start of construction in Q1/2023

➤ Stretch film factory

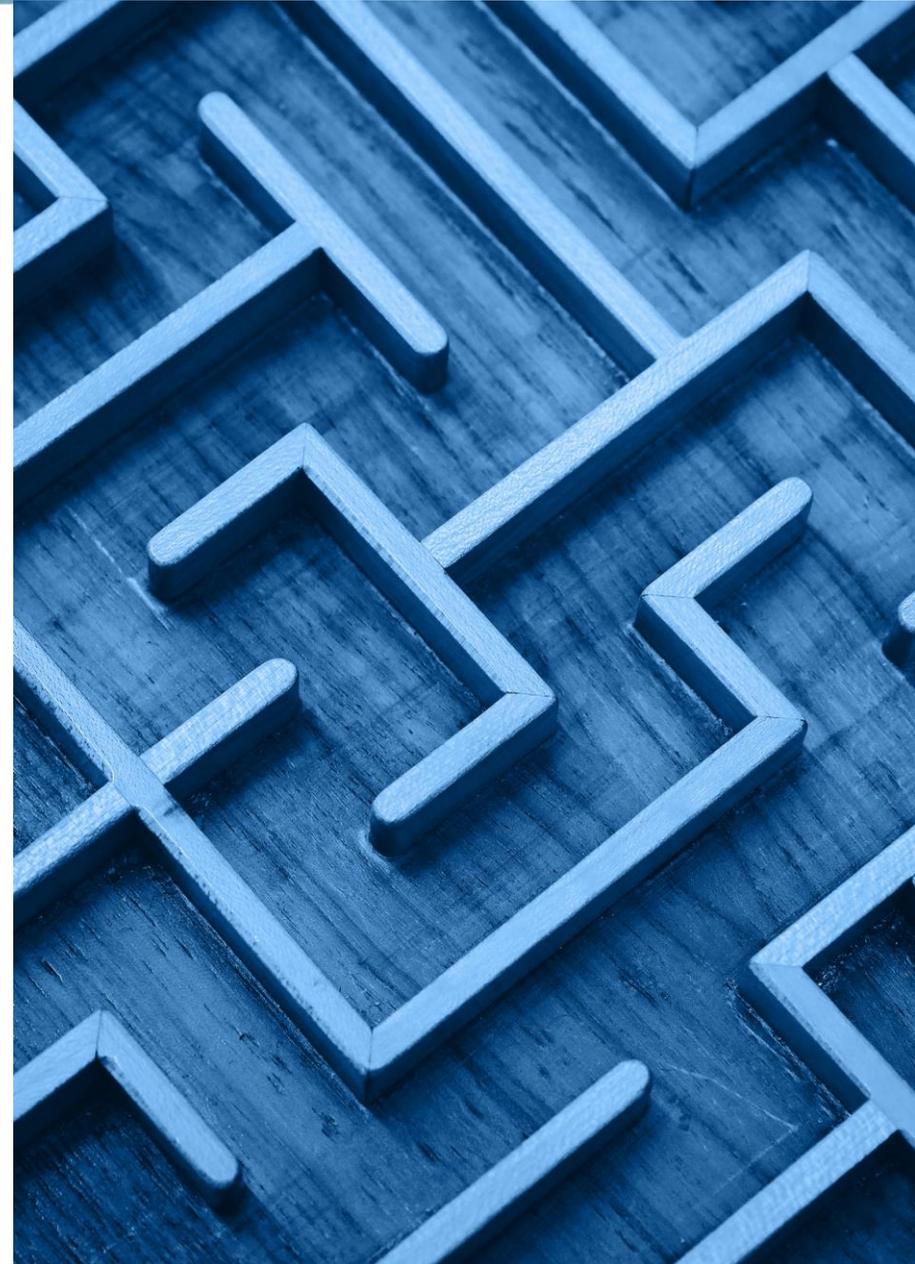
- Project worth over RON 55 million in total
- Bidding for equipment is under way
- We estimate the start of production in H2/2023

➤ M&A

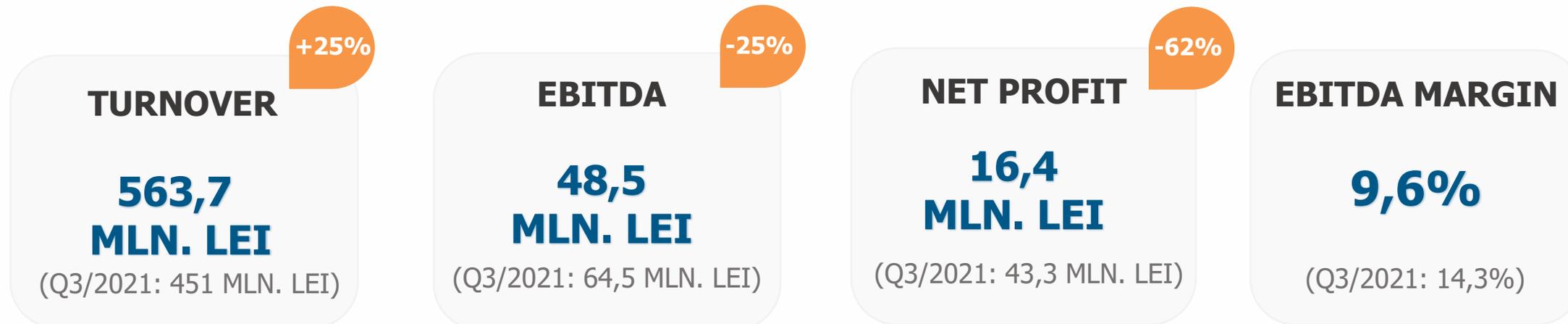
- There is currently a drop in prices in the market
- At least 1 acquisition will be made in H1/2022



- The engineering works decreased by 3.8% in the first eight months of the year, according to seasonally adjusted statistical data published by the INS.
- Public investments through PNRR and Anghel Saligny are still behind schedule, with no clear visibility on their acceleration until the end of the year.
- The flexible packaging market is shifting, which makes our ramp-up process difficult.
- The energy crisis and tight monetary policies generate additional tensions in the macroeconomic landscape.
- Supply chains and raw materials have improved but are still stabilizing.



In the third quarter, TeraPlast Group maintained its focus on consolidating its market share and on the profitability of new business segments.



During Q3, we reduced stocks from 167 million lei on July 30, to 131 million lei on September 30, in order to adjust the level of raw materials and finished products to the level of market demand, an operation that negatively influenced the margins of July and August.

The volume of exports increased in the first nine months by 51% compared to the same period of the previous year, and the share in the total turnover rose to 16%, from 13%, the level reached in the period January-September 2021.

TeraPlast Group does not give up its development plans, considering that during this period there will be more opportunities in the M&A market, in the export markets, as well as to be in the best position for the next growth cycle.

The results still bear the imprint of the volatile context we are going through, and which presents uncertainties for the next period.

Q3 2022 Results (RON, thousands)	Group total	Installations & Recycling	Compounds, including recycled	Doors & Windows	Flexible packaging
Turnover	563,677	384,422	107,496	43,607	28,152
% vs Q3 2021	25%	28%	-1%	39%	n/a
EBITDA	48,530	44,272	12,095	232	-8,069
% vs Q3 2021	-25%	6%	-43%	n/a	n/a
EBITDA margin	8.6%	11.5%	11.3%	0.5%	-28.7%

- The significant gap between the evolution of operational performance and that of net profit was determined by the significant increase in interest rates, at a time when the Group invested 70 million lei to complete projects started last year and supported the increase in working capital required for new products.

INSTALLATION & RECYCLING

- Continues to grow, even in the context of delays in the start of new public infrastructure projects.
- Maintained a double-digit EBITDA margin of 11.5%.
- EBITDA +6% compared to the historical record level registered in the same period last year.

WINDOWS & DOORS

- Improvement in operational performance. For the July-September period, EBITDA stood at 0.76 million lei, which brought the result to positive territory for the first nine months of this year.

COMPOUNDS & RECYCLING

- Lower volumes and experienced pressure on sales prices (including because of clearing operation), reflected in the evolution of the EBITDA margin.

FLEXIBLE PACKAGING

- Increase in sales, but still insufficient to counteract the operational losses due to the reduced load of production capacities and product approval expenses by potential customers.
- Ongoing partnerships with retail chains in RO, advanced discussion and pending signing of multiple contracts with IKA within the EU.
- The positive contribution of this segment to the consolidated results will be visible starting next year.

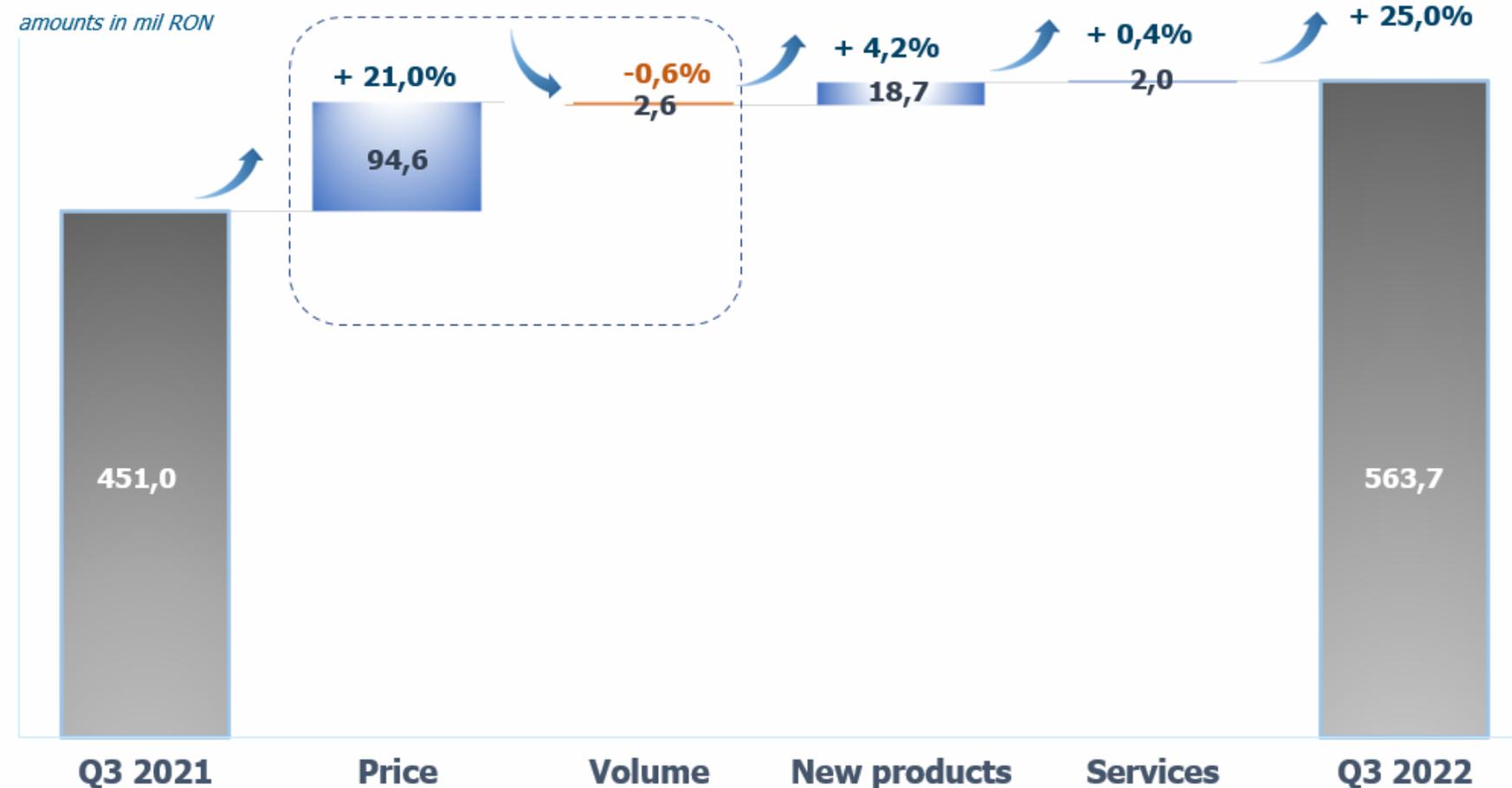
amounts `000 lei		Group total	Installations & Recycling	Compounds & Recycling	Windows & Doors	Flexible Packaging
Net sales	Results Q3	563.677	384.422	107.496	43.607	28.152
	Forecast Q4	163.297	105.421	29.821	16.905	11.150
	Total 2022	726.974	489.844	137.317	60.512	39.301
	% vs 2021	▲ 18%	▲ 20%	▼ -7%	▲ 39%	▲ 133%
EBITDA	Results Q3	48.530	44.272	12.095	232	-8.069
	Forecast Q4	10.901	10.049	1.687	781	-1.616
	Total 2022	59.431	54.321	13.782	1.013	-9.684
	% vs 2021	▼ -20%	▲ 8%	▼ -49%	▲ 1%	n/a
EBITDA margin	Results Q3	8,6%	11,5%	11,3%	0,5%	-28,7%
	Forecast Q4	6,7%	9,5%	5,7%	4,6%	-14,5%
	Total 2022	8,2%	11,1%	10,0%	1,7%	-24,6%

The results still bear the imprint of the volatile context we are going through, and which presents uncertainties for the next period. Even in such a climate, we managed to maintain the Group's performance at a satisfactory level. The record growth we experienced in previous years has moderated, but through effective management and prompt response to difficulties, we maintain the resilience of the Group to deliver performance in line with the great economic challenges at hand.

- For the entire year 2022, **the turnover** of the Group will be of approximately **727 million lei**, close to the budgeted one.
- Against the decline of the construction sector, the delays in the schedule of the PNRR and Anghel Saligny projects and the inflation that could no longer be fully transferred into the sales price, we estimate **TeraPlast Group's EBITDA** of **60 million lei** for 2022, 20% less than last year last. For the Installations segment, we estimate EBITDA of 54 million lei, 8% more than last year.
- The main sources of growth remain Installations and Recycling, which despite delays in financing public infrastructure projects, maintained a double-digit percentage EBITDA margin in Q3 2022).
- The Granules segment, which also includes recycled granules, recorded lower volumes and experienced pressure on sales prices, an aspect reflected in the evolution of the EBITDA margin (-43% vs 2021).

+25% growth in turnover Q3 2022 vs Q3 2021

- A significant proportion of the increase in turnover is due to price increases, as a result of higher production costs
- We sold larger quantities of windows, sewage, water and gas installations. These increases were counterbalanced by the decrease in the volume of pellets sold.
- 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.



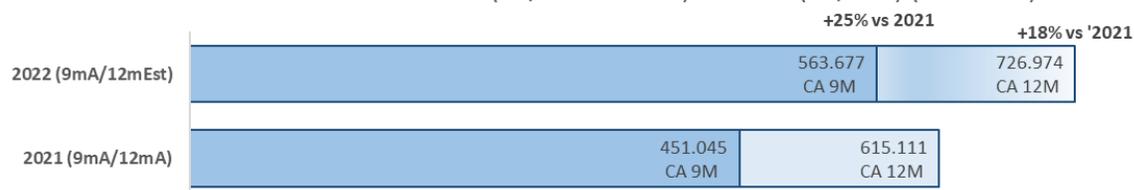
RON '000	FY'2021	FY2022 Latest est	Var % vs PY	9M'21	9M'22	Var % vs PY
Net Sales	615.111	726.974	18%	451.045	563.677	25%
Other operating income	3.486	1.103	-68%	2.243	360	-84%
Total operating income	618.597	728.077	18%	453.287	564.037	24%
Raw materials, consumables & mercha	(406.509)	(506.168)	25%	(293.653)	(390.244)	33%
Salaries and employee benefits	(69.275)	(80.884)	17%	(48.043)	(62.108)	29%
Depreciation and adjustments for asset	(23.204)	(27.278)	18%	(15.652)	(20.602)	32%
Other operating expenses	(66.291)	(81.553)	23%	(45.396)	(61.998)	37%
Total operating costs	(565.279)	(695.883)	23%	(402.745)	(534.952)	33%
EBIT	53.319	32.194	-40%	50.542	29.085	-42%
EBITDA	74.640	59.431	-20%	64.528	48.530	-25%
EBITDA %	12,1%	8,2%		14,3%	8,6%	
Financial Result, net	(2.344)	(13.950)	495%	(1.233)	(6.509)	428%
Profit before tax	50.975	18.243	-64%	49.309	22.576	-54%
Income tax expense	(8.684)	(6.751)	-22%	(6.053)	(6.190)	2%
Net Profit %	42.291	11.493	-73%	43.256	16.386	-62%
Net Profit %	6,9%	1,6%		9,6%	2,9%	

The trend of the first 9 months will be maintained in the last quarter, with better developments for:

- TeraGlass - as a result of the increase in the sales price and the volumes sold
- BioPack - the volumes in October are significantly above the average of the first 9 months, the company having new clients in its portfolio; the company will break even in the first part of next year
- PVC compounds - after unloading costs, the performance of this group of products has improved

The decrease in net profit was determined by the significantly higher cost of financing. 60% of the Group's investment loans are with fixed interest, and the working capital will decrease as a result of the inventory reduction, so next year the Group's financing cost will be reduced

Net sales evolution 2022 (9a/12LatestEst) vs 2021 (9a/12a) (RON'000)



EBITDA 2022 (9a/12LatestEst) vs 2021 (9a/12a) (RON'000)



all amounts in thousands of RON unless otherwise specified

RON '000	Teraplast Group			Installations and recycling			Compounds			Windows&Doors			Flexible Packaging		
	9M'21	9M'22	Var % vs PY	9M'21	9M'22	Var %	9M'21	9M'22	Var %	9M'21	9M'22	Var %	9M'21	9M'22	Var %
Net Sales	451.045	563.677	25%	300.839	384.422	28%	108.051	107.496	-1%	31.379	43.607	39%	10.775	28.152	161%
Other operating income	2.243	360	-84%	1.593	327	-79%	7	-	-100%	614	14	-98%	29	19	-34%
Total operating income	453.287	564.037	24%	302.433	384.749	27%	108.058	107.496	-1%	31.993	43.621	36%	10.804	28.171	161%
Raw materials, consumables & mercha	(293.653)	(390.244)	33%	(195.025)	(255.918)	31%	(72.503)	(84.508)	17%	(18.082)	(27.435)	52%	(8.043)	(22.384)	178%
Salaries and employee benefits	(48.043)	(62.108)	29%	(31.551)	(39.599)	26%	(7.582)	(5.416)	-29%	(6.665)	(8.585)	29%	(2.245)	(8.509)	279%
Depreciation and adjustments for asset	(15.652)	(20.602)	32%	(11.284)	(14.612)	29%	(2.320)	(1.985)	-14%	(1.521)	(1.660)	9%	(527)	(2.344)	345%
Other operating expenses	(45.396)	(61.998)	37%	(32.799)	(44.077)	34%	(6.776)	(5.478)	-19%	(4.556)	(6.863)	51%	(1.265)	(5.580)	341%
Total operating costs	(402.745)	(534.952)	33%	(270.659)	(354.206)	31%	(89.182)	(97.386)	9%	(30.824)	(44.543)	45%	(12.081)	(38.817)	221%
EBIT	50.542	29.085	-42%	31.773	30.543	-4%	18.876	10.110	-46%	1.169	(922)	-179%	(1.277)	(10.647)	734%
EBITDA	64.528	48.530	-25%	41.946	44.272	6%	21.197	12.095	-43%	2.303	232	-90%	(917)	(8.069)	780%
EBITDA %	14,3%	8,6%		13,9%	11,5%		19,6%	11,3%		7,3%	0,5%		-8,5%	-28,7%	

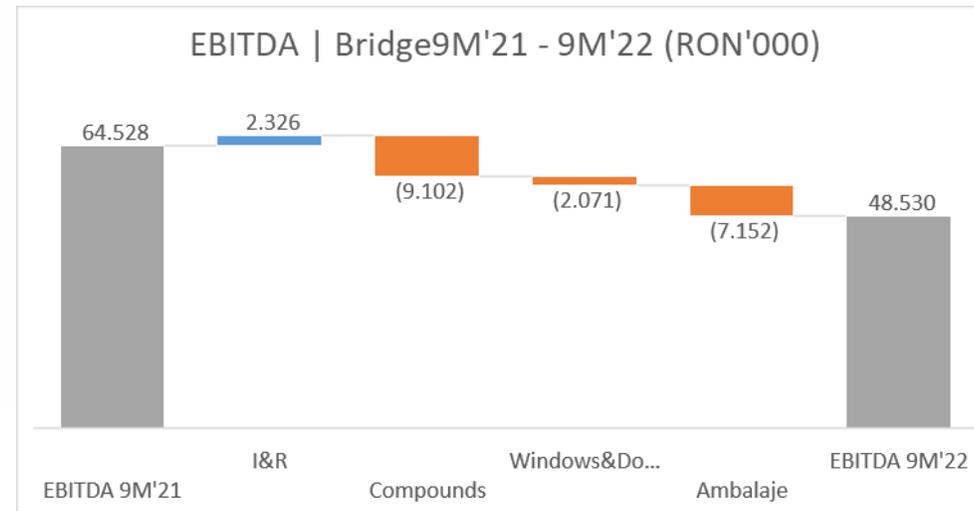
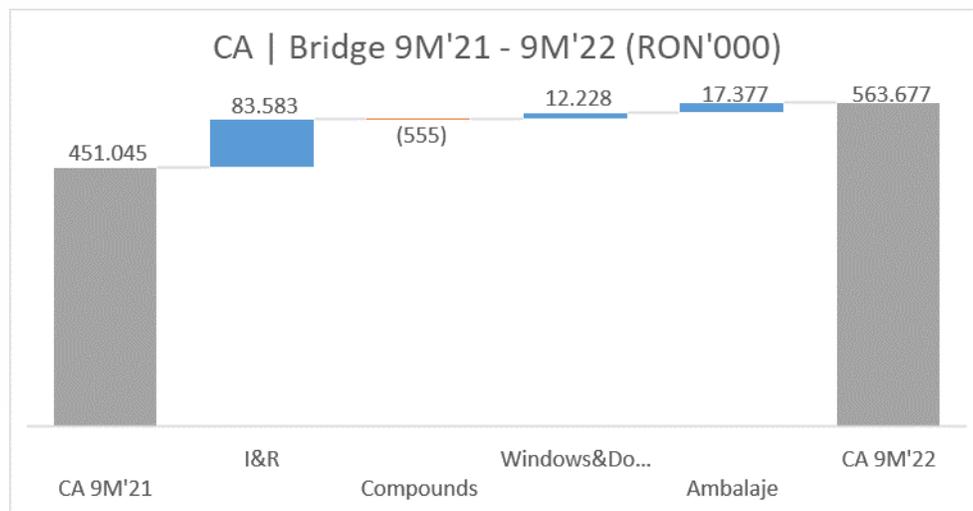
In the third quarter, the TeraPlast Group maintained its focus on market share and the profitability of new business segments.

The line of **Installations** continues to grow.

The **Compounds** segment experienced lower volumes and a decrease in selling prices.

TeraGlass experienced an improvement in operational performance in Q3 which brought the result to nine months in positive territory following the renegotiation of contract prices.

The division is experiencing sales growth, but not enough to offset low capacity utilization.

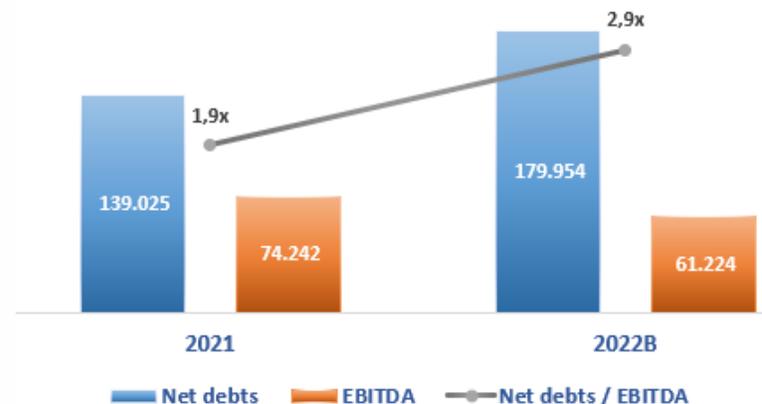


Q3 2022 & 2022 E | Balance sheet summary

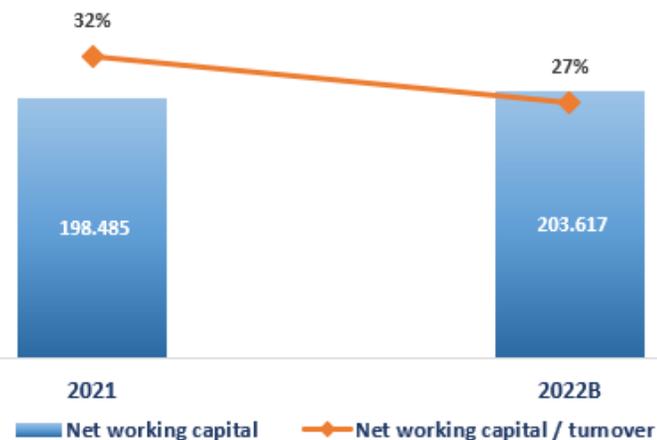
RON '000	TRP Grup		
	2021	30.sept.22	2022 E
Intangibles assets	2.362	3.438	3.329
Tangible assets	287.932	338.488	345.586
Investment Property	4.356	4.356	4.356
Other non-current assets	1.609	1.697	1.697
Total fixed assets	296.259	347.979	354.968
Inventories	118.076	131.170	123.759
Trade receivables	171.569	188.224	165.946
Trade debts	(103.855)	(94.311)	(87.622)
Trade working capital	185.790	225.083	202.083
Other payables	(3.186)	(7.288)	(7.232)
Other receivables	15.881	8.766	8.766
Working capital - other	12.695	1.478	1.534
Net working capital	198.485	226.560	203.617
Receivables represents dividends paid and share capital increase from the profit of the year	270.196	-	-
Cash and cash equivalents	7.712	7.450	2.786
Finance lease loans and debts	(135.535)	(201.423)	(173.484)
Other long-term debts	(9.013)	(8.132)	(8.132)
Provisions	(2.189)	(1.124)	(1.124)
Net (debt) / cash	(139.025)	(203.228)	(179.954)
Investments grants	(34.384)	(61.910)	(73.881)
Net assets	591.531	309.400	304.750
Share capital	212.965	217.730	217.730
Reserves	49.174	49.174	49.174
Retained earnings	325.740	38.957	34.307
Non-controlling interest	3.651	3.539	3.539
Equity	591.531	309.400	304.750

Key aspects

Net debts/ EBITDA (mii RON, x)



Net working capital and % in sales



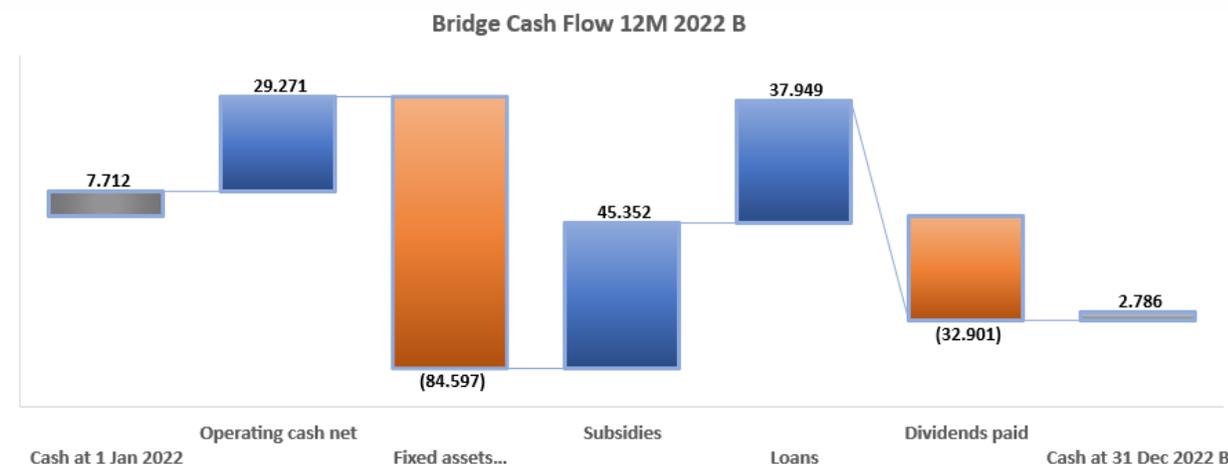
- Investment payments were 70 million lei in Q3 2022
- In 2022, the Group invested 10 million lei to improve production capacities. At the end of 2022, we will start the following investments:
 - 22.6 million lei in renewable energy production
 - We will start the 56 million lei investment in the stretch film factory, co-financed by state aid
- This year we received 45 million lei in state aid for the TeraBio investment and the TRP projects. Next year we will collect the remaining 24 million lei related to projects worth 154 million lei started in 2021; the investments will be fully operational by the end of the year
- Net working capital increased in value in 2022 vs 2021 in line with sales growth

2022 B | Cash flow summary

Cash flow summary	2021	2022E
Net profit before tax	50.975	17.123
Net profit adjustments	24.706	32.259
(+) Operating profit before changes in working capital	75.681	49.382
Net impact working capital	(113.887)	(2.256)
Income tax paid	(10.611)	(5.630)
Interest paid	(1.582)	(6.371)
Income from subsidies	(2.397)	(5.854)
(-) Subtotal changes in working capital and other	(128.476)	(20.111)
=> Cash from operating activities	(52.795)	29.271
Payments for fixed assets acquisitions	(127.320)	(84.597)
Receipts from sales of fixed assets	2.574	-
Receipts from sales of Steel business and Profile division	384.887	-
Receipts from subsidies	16.893	45.352
(+) Net cash used for investments	277.035	(39.245)
Net repayments of loans and leasing	(1.677)	37.949
Dividends received	80	-
Dividends paid	(226.616)	(32.731)
Share repurchased	(4.935)	(170)
(-) Net cash from finance activities	(233.148)	5.048
Net variance	(8.909)	(4.926)
Cash & Equiv la Jan 1, 2021/ 2022	16.621	7.712
Cash & Equiv la Dec 31, 2021/ 2022	7.712	2.786

all amounts in thousands of RON unless otherwise specified

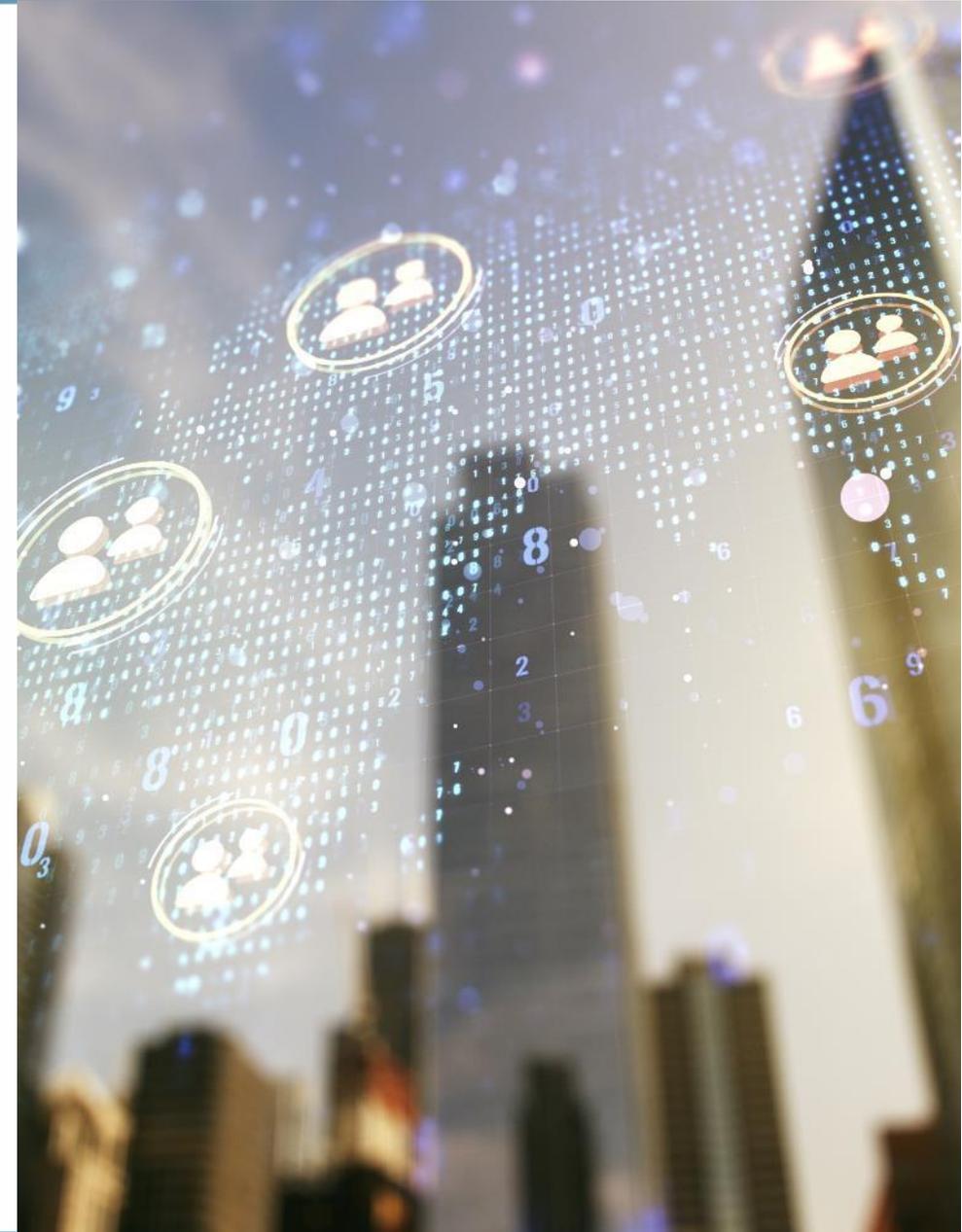
Bridge forecast 31 decembrie 2022



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

Thank you!

Q&A



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