



TeraPlast[®]

**Q3/2023 results
Investors & analysts call**

October 25, 2023

TeraPlast Group structure

We have diversified our businesses in recent years relying on our vast experience in polymer processing aiming to increase the resilience of the Group and to expand our geographical footprint.

 **939**

Group employees as of September 30, 2023*



 Installation Compounds

 547

Complete systems for:

- ✓ Interior sewageeriere
- ✓ Exterior sewage
- ✓ Water & gas transport & distribution
- ✓ Rainwater management
- ✓ Electric & communications cables protection
- ✓ Underfloor heating

Rigid & plastified PVC compounds
HFFR compounds




 Rigid PVC recycling

 73



Micronized recycled PVC
Regranulated recycled PVC




 Flexible packaging

 128



Biodegradable & compostable packaging
Polyethylene packaging



 PVC and aluminum windows & doors

 173



PVC windows & doors
Aluminum windows & doors
Garage doors
Curtain walls



Business lines

Product category



Employees as of September 30, 2023

*including 14 employees of Somplast and 4 employees of TeraPlast HU

www.teraplast.ro

- According to INS (National Statistics Institute), "the construction works' volume increased as an adjusted series by 13,7%, increase driven by capital repairs works (+28,1%), new buildings (+12,9%) and maintenance and current repairs (+8,3%). By construction objects, engineering works and non-residential works increased by 33,6% and 1,5% respectively, while residential works decreased by 5,9%".
- Public Tenders evolved favourably, the value of water and sewerage or gas projects that have been auctioned (according to the SICAP platform) reached RON 26,5 million, more than double compared to the similar period of last year.
- Regarding the raw materials, there was a significant deflation (Q1 – Q2), followed by a stabilisation in prices (Q3) followed by a normal evolution (Q3 – Q4).
- Our customers point out a setback of both national and European demand on some of the market segments.
- We've signed in Q3/2023 the PNRR financing contract for a new photovoltaic plant. We are currently waiting for amendments for some of the investment parameters before launching the tender. The investment is to become operational by June 30, 2024.
- The stretch film factory is currently running trials so that production shall start in Q4. The film will be marketed under the brand "Opal".

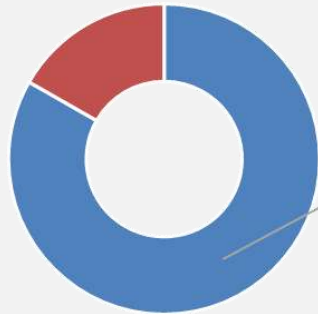


Exports in 20 countries

TeraPlast Group's exports reached 17% of the total turnover, with a total value of RON 86 million.

TeraPlast Group exports
9 months/2023

Export
17%



Domestic
83%

3X
2020-2022
exports increase



TeraPlast Group's activity accelerated in Q3/2023 with additional traction from the increase in infrastructure works and exports, but hindered by the below-expected evolution of subsidiaries' businesses (windows and doors and flexible packaging segments). The key figures are below the first 9 months of 2022, but management's expectation is that this gap will be closed by the end of the year.

TURNOVER

**517,4
MIL. LEI**

(Q3/2022: 563,7 MIL. LEI)

-8%

EBITDA

**45
MIL. LEI**

(Q3/2022: 48,5 MIL. LEI)

-7%

EBITDA MARGIN

8,7%

(Q3/2022: 8,6%)

VOLUME

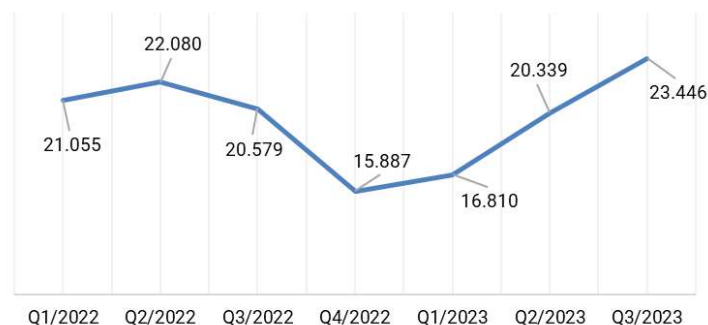
60.594 TONS

(Q3/2022: 63.714 TONS)

-5%

- The **consolidated net result** reached positive territory after three quarters, at almost RON 7 million.
- **The quarterly evolution** compared to the same period last year (Q3/2023 vs Q3/2022) indicates a turnover 4% higher compared to the one of the third quarter of last year and a 70% increase in EBITDA.
- Also, in the third quarter of the current year, the consolidated **EBITDA margin** reached 11%.

Quantitative evolution, tons
TeraPlast Group

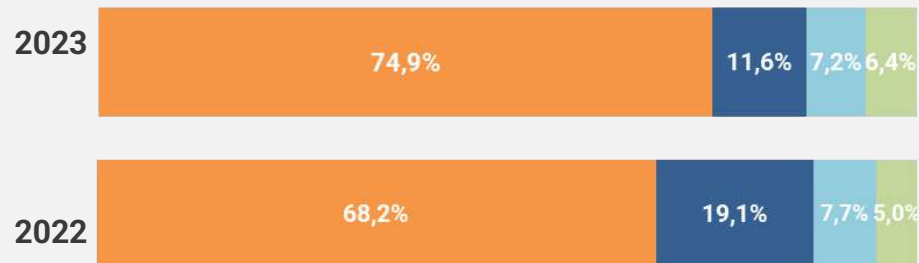


9 months/2023 segments' results overview

<i>RON, thousand</i>	Group Total	Installation & Recycling	Compounds & Recycling	Windows & doors	Flexible Packaging
Turnover	517.384	387.489	59.777	37.114	33.004
% vs 9 months/2022	-8%	1%	-44%	-15%	17%
EBITDA	45.011	44.540	5.513	151	-5.193
% vs 9 months/2022	-7%	1%	-55%	-35%	n/a
EBITDA margin	8,7%	11,5%	9,2%	0,4%	-15,7%

Weight in consolidated turnover

■ Installation & Recycling
 ■ Compounds & Recycling
■ Windows & doors
 ■ Flexible Packaging



INSTALLATION & RECYCLING

- sales slightly above the same period of 2022
- the EBITDA margin reached 13,4% in the quarter, above yearly margin
- the upward trend in public works will continue to produce positive effects in the results until the end of 2023

WINDOWS & DOORS

- domestic sales continued to grow in Q3/2023, which led to positive developments in nominal EBITDA and EBITDA margin
- although it indicates a positive trend, the growth was not enough to reach levels similar to the first 9 months of 2022

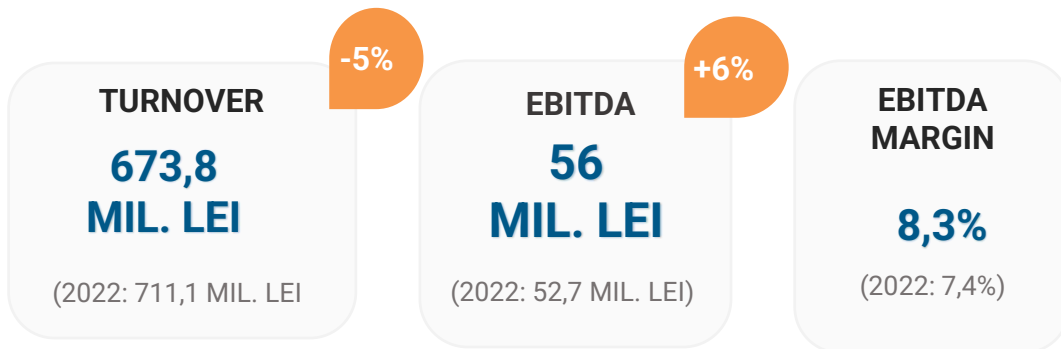
COMPOUNDS & RECYCLING

- pressure from non-EU raw materials eased in Q3/2023
- demand for this segment fell sharply amid a lack of orders further down the value chain
- EBITDA margin of 9,2% considered to be at a satisfactory level; attention turned to preserving market share

FLEXIBLE PACKAGING

- turnover 17% higher compared to the first three quarters of 2022, against the background of increased volumes sold
- operating loss decreased by almost RON 3 million compared to 9 months/2022
- volumes sold still below break-even; we continue to actively participate in competitive procurement processes

We expect consolidated levels for the whole year in line with 2022 for the main financial indicators, **with a 6% increase in EBITDA compared to 2022.**



- The Group's main driver remains the Installations & Recycling segment.
- Group EBITDA margin is estimated at 8,3%, compared to 7,4% at the end of 2022, on the back of slight improvement in margins and EBITDA for the Windows and Doors and Flexible Packaging segments.
- The effect of low demand is expected to continue until the end of the year for the Compounds and Recycling segment, but is expected to improve starting the beginning of next year.
- We expect the end of the year to show a stabilization of the trend and an acceleration of the growth rate.
- The results are influenced by the evolution of average prices that dilute the potential effect of the increase in volumes in 2023.

<i>RON, thousand</i>	Group Total	Installation & Recycling	Compounds & Recycling	Windows & doors	Flexible Packaging
Turnover	673.838	500.866	75.066	49.071	48.835
% vs 2022	-5%	3%	-40%	-13%	21%
EBITDA	55.963	55.835	7.007	372	-7.251
% vs 2022	6%	10%	-45%	8%	n/a
EBITDA margin	8,3%	11,1%	9,3%	0,8%	-14,8%

2023 Forecast

RON, thousand		Total Group	Installation & Recycling	Compounds & Recycling	Windows & Doors	Flexible Packaging
Turnover	Q3 Results	517.384	387.489	59.777	37.114	33.004
	Q4 Forecast	156.454	113.377	15.289	11.957	15.831
	Total 2023	673.838	500.866	75.066	49.071	48.835
	% vs 2022	▼ -5%	▲ 3%	▼ -40%	▼ -13%	▲ 21%
EBITDA	Q3 Results	45.011	44.540	5.513	151	-5.193
	Q4 Forecast	10.952	11.295	1.494	221	-2.058
	Total 2023	55.963	55.835	7.007	372	-7.251
	% vs 2022	▲ 6%	▲ 10%	▼ -45%	▲ 8%	n/a
EBITDA Margin	Q3 Results	8,7%	11,5%	9,2%	0,4%	-15,7%
	Q4 Forecast	7,0%	10,0%	9,8%	1,8%	-13,0%
	Total 2023	8,3%	11,1%	9,3%	0,8%	-14,8%
	% vs 2022	▼ -83%	▼ -40%	▼ -57%	n/a	n/a
Net profit	Q3 Results	6.797	14.593	2.913	-1.689	-9.021
	Q4 Forecast	-4.251	-467	694	-558	-3.919
	Total 2023	2.546	14.126	3.607	-2.247	-12.940
	% vs 2022	▼ -83%	▼ -40%	▼ -57%	n/a	n/a

Looking at the big picture, we expect the end of the year to show a stabilization of the trend and an acceleration of the growth rate.

- TeraPlast Group estimates a turnover of RON 673,8 million.
- EBITDA of 56 RON million, the Group's main driver still being the Installations & Recycling segment. , Group EBITDA margin is estimated at 8,3%, compared to 7,4% at the end of 2022, on the back of slight improvement in margins and EBITDA for the Windows and Doors and Flexible Packaging segments
- The effect of low demand is expected to continue until the end of the year for the Compounds and Recycling segment, which is also reflected in the forecasted results, but which is expected to improve starting the beginning of next year.

-8,2% decrease in turnover Q3 2023 vs Q3 2022

- Price deflation in Q3 2023 compared to Q3 2022 is due to the decrease in raw material prices and in the cost of production.
- The net volume increases on Installations (PE pipes, fittings, Neoter), and on flexible packaging were not sufficient to offset the decreases recorded in PVC pipes, PP pipes, recycled PVC, windows and doors.
- The share of raw material cost in turnover decreased to 64% in Q3 2023 from 69% in Q3 2022. Against the backdrop of lower volumes and higher other operating expenses, especially utilities, the additional margin was sufficient to maintain EBITDA margin.



FINANCIAL PERFORMANCE

RON '000	FY'22	FY'23F	Var %	9m'2022	9m'2023	Var %
Net Sales	711.126	673.838	-5%	563.677	517.384	-8%
Other operating income	655	21.347	3160%	360	991	175%
Total Operating Income	711.781	695.185	-2%	564.037	518.374	-8%
Raw materials, consumables & mercha	(486.499)	(429.994)	-12%	(390.244)	(329.388)	-16%
Salaries and employee benefits	(83.556)	(92.174)	10%	(62.108)	(69.457)	12%
Amortization, impairments, provisions &	(26.285)	(40.615)	55%	(19.445)	(24.815)	28%
Other operating expenses	(89.008)	(111.314)	25%	(63.154)	(74.519)	18%
Total Operating Costs	(685.349)	(674.097)	-2%	(534.952)	(498.179)	-7%
EBIT	26.433	21.088	-20%	29.085	20.195	-31%
EBITDA	52.718	55.963	6%	48.530	45.011	-7%
EBITDA %	7,4%	8,3%		8,6%	8,7%	
Financial result, net	(2.344)	(13.413)	472%	(6.509)	(9.391)	44%
Profit before tax	24.089	7.675	-68%	22.576	10.805	-52%
Income tax expense	(8.684)	(5.128)	-41%	(6.190)	(4.008)	-35%
Net Profit	15.405	2.546	-83%	16.386	6.797	-59%
Net Profit %	2,2%	0,4%		2,9%	1,3%	

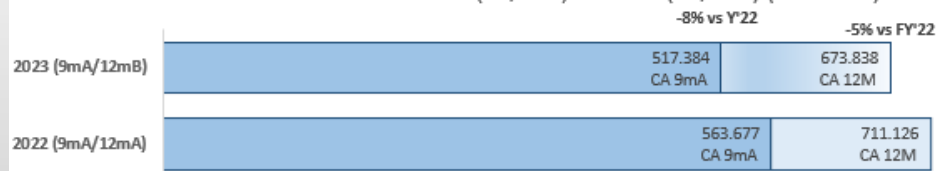
Turnover

- Consolidated turnover in Q3 decreased by 8%.
- Quarter-on-quarter improvement of 4% in Q3/2023, reflected also in the volumes sold.
- TeraPlast Group's exports reached 17% of the turnover, standing at RON 87 million

EBITDA

- The Group recorded an EBITDA decrease YTD of 42%, but with an improvement with 70% in Q3'23 vs Q3'22;
- In Q3'23, consolidated EBITDA margin reached 11%;
- At 12M 2023, we estimate an improvement in the EBITDA margin to 8.3% compared to 7.4% in 2022;

Net sales evolution 2023 (9a/12F) vs 2022 (9a/12a) (RON'000)



EBITDA 2023 (9a/12F) vs 2022 (9a/12a) (RON'000)



FINANCIAL PERFORMANCE



RON '000	Teraplast Group			Installations and recycling			Compounds and recycling			Windows&Doors			Flexible Packaging		
	9m'2022	9m'2023	Var %	9m'2022	9m'2023	Var %	9m'2022	9m'2023	Var %	9m'2022	9m'2023	Var %	9m'2022	9m'2023	Var %
Net Sales	563.677	517.384	-8%	384.422	387.489	1%	107.496	59.777	-44%	43.607	37.114	-15%	28.152	33.004	17%
Other operating income	360	991	175%	327	970	197%	-	-	0%	14	12	-15%	19	8	-56%
Total Operating Income	564.037	518.374	-8%	384.749	388.459	1%	107.496	59.777	-44%	43.621	37.126	-15%	28.171	33.013	17%
Raw materials, consumables & me	(390.244)	(329.388)	-16%	(255.918)	(240.732)	-6%	(84.508)	(44.245)	-48%	(27.435)	(21.210)	-23%	(22.384)	(23.201)	4%
Salaries and employee benefits	(62.108)	(69.457)	12%	(39.599)	(46.689)	18%	(5.416)	(4.845)	-11%	(8.585)	(8.488)	-1%	(8.509)	(9.435)	11%
Amortization, impairments, provision	(19.445)	(24.815)	28%	(13.728)	(18.925)	38%	(1.985)	(2.278)	15%	(1.154)	(904)	-22%	(2.578)	(2.709)	5%
Other operating expenses	(63.154)	(74.519)	18%	(45.012)	(56.498)	26%	(5.426)	(5.173)	-5%	(7.369)	(7.277)	-1%	(5.347)	(5.571)	4%
Total Operating Costs	(534.952)	(498.179)	-7%	(354.258)	(362.844)	2%	(97.335)	(56.541)	-42%	(44.543)	(37.879)	-15%	(38.817)	(40.915)	5%
EBIT	29.085	20.195	-31%	30.492	25.615	-16%	10.162	3.236	-68%	(922)	(753)	-18%	(10.647)	(7.902)	-26%
EBITDA	48.530	45.011	-7%	44.220	44.540	1%	12.147	5.513	-55%	232	151	-35%	(8.069)	(5.193)	-36%
EBITDA %	8,6%	8,7%		11,5%	11,5%		11,3%	9,2%		0,5%	0,4%		-28,7%	-15,7%	

The key figures are below the first 9 months of 2022, but management's expectation is that this gap will be closed by the end of the year.

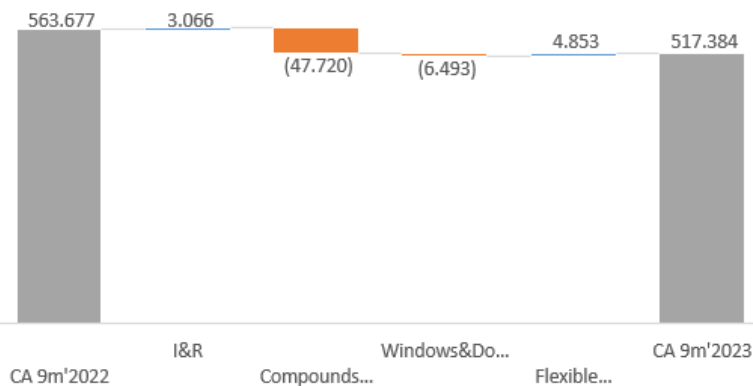
There was an evolution generated by the good dynamic on public works.

In this mixed climate, affected by falling demand, attention turned to preserving market share

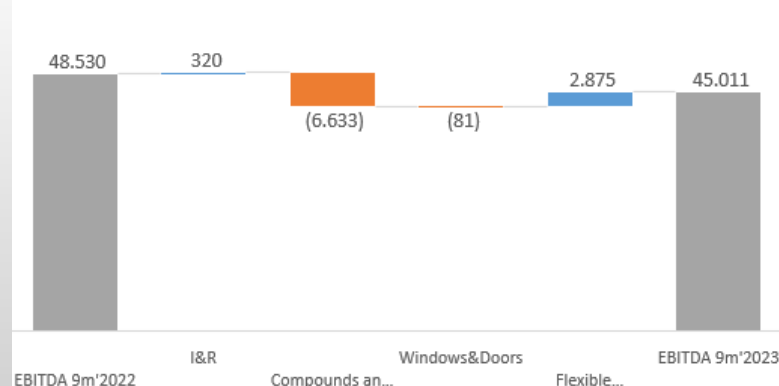
There is a positive evolution of EBITDA in nominal value with a 47% increase Q3'23 compared to Q3'22.

Volume growth is slower than expected, with volumes sold still below breakeven.

Net sales | Bridge 9M'22 - 9M'23 (RON'000)



EBITDA | Bridge 9M'22 - 9M'23 (RON'000)

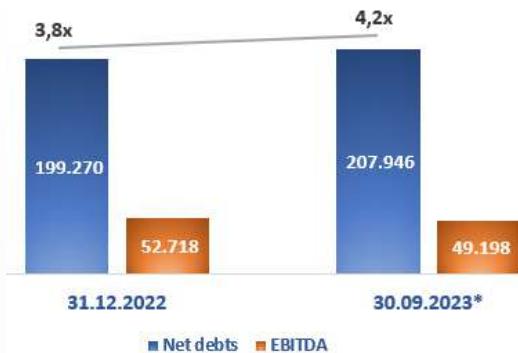


Q3 2023 | Balance-sheet summary

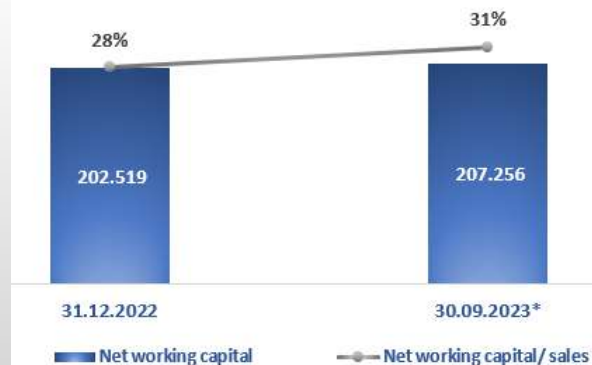
RON '000	TRP Group	
	31.12.2022	30.09.2023
Intangibles assets	3.772	4.045
Tangible assets	355.953	386.297
Investment Property	4.915	4.915
Other non-current assets	2.158	1.902
Total fixed assets	366.797	397.158
Inventories	129.120	123.877
Trade receivables	146.302	177.468
Trade debts	(79.523)	(120.457)
Trade working capital	195.899	180.888
Other payables	(2.002)	(4.016)
Other receivables	8.622	30.384
Working capital - other	6.620	26.368
Net working capital	202.519	207.256
Cash and cash equivalents	10.713	6.959
Finance lease loans and debts	(200.659)	(206.685)
Other long-term debts	(8.372)	(7.268)
Provisions	(953)	(953)
Net (debt) / cash	(199.270)	(207.946)
Investments grants	(60.566)	(78.461)
Net assets	309.479	318.007
Share capital	217.405	217.900
Reserves	52.516	52.283
Retained earnings	36.296	44.838
Non-controlling interest	3.262	2.985
Equity	309.479	318.007

Key aspects

Net debts / EBITDA (*'000 RON, x)



Net working capital and % in sales



- The investment of 84 million lei in the stretch film factory is on schedule, during this period the preparations for the trials have started, so that by the end of 2023 the production activity will begin.
- In Q3/2023, TeraPlast signed the PNRR financing contract for a new photovoltaic plant.
- In Q3 2023 we collected the last installment of state aid of 12.4 million lei, total 2023 subsidies in amount to 23.9 million lei.
- Net working capital increased from the previous period due to an increase in receivables and advances to suppliers of fixed assets (stretch project).

*Turnover and EBITDA from the last 12 months

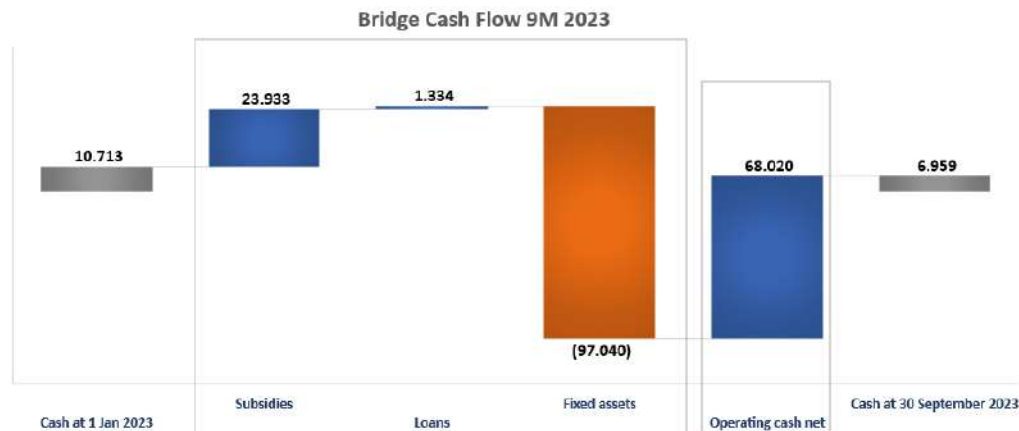
FINANCIAL PERFORMANCE

Q3 2023 | CF Summary

RON '000

Cash flow summary	9 M 2022	9 M 2023
Net profit before tax	22.576	10.805
Net profit adjustments	29.871	41.654
(+) Operating profit before changes in working capital	52.447	52.459
Net impact working capital	(40.534)	32.728
Income tax paid	1.901	(1.599)
Interest paid	(6.371)	(9.530)
Income from subsidies	(2.911)	(6.038)
(-) Subtotal changes in working capital and other	(47.916)	15.561
=> Cash from operating activities	4.532	68.020
Payments for fixed assets acquisitions	(69.606)	(97.742)
Receipts from sales of fixed assets	219	701
Receipts from subsidies	30.437	23.933
(+) Net cash used for investments	(38.951)	(73.108)
Net repayments of loans and leasing	66.985	1.324
Dividends received	27	-
Dividends paid	(32.685)	-
Share repurchased	(170)	9
(-) Net cash from finance activities	34.157	1.334
Net variance	(262)	(3.754)
Cash & Equiv la Jan 1, 2022/ 2023	7.712	10.713
Cash & Equiv la September 30, 2022/ 2023	7.450	6.959

Bridge 30 September 2023



- The improvement in operating cash in Q3 2023 vs Q3 2022 is due to better performance in working capital management.
- The main outflows were for the financing of ongoing investments (stretch film project).

- Additional traction from the increase in infrastructure works and exports, but hindered by the below-expected evolution of subsidiaries' businesses.
- Infrastructure works are finally on the trajectory we had hoped for ever since last year.
- The consolidated net result reached positive territory after three quarters, at almost RON 7 million.
- Group exports reached 17% of the turnover, standing at RON 87 million.
- The upward trend in public works will continue to produce positive effects in the results of the Installations and Recycling division until the end of 2023.
- We keep our focus in the current context on the efficiency of the activity and the profitability of these business lines which also suffer due to the unfavorable context.
- We expect the end of the year to show a stabilization of the trend and an acceleration of the growth rate compared to last year's results.
- We believe that we will continue to see positive developments of the key financial figures and an improvement in the profitability of the subsidiaries.



Q&A



TeraPlast[®]

since 1896

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