

# Q1/2024 results

Investors and analysts call  
May 9, 2024



## TeraPlast Group structure in 2024




**Palplast**


Transaction closed in January, consolidated in the Q1/2024 results



**FREILER - POLYTECH**  
PIPE SYSTEMS

**PRO-MOULDING**  
FRÖCCSÖNTÖTT TERMÉKEK

Transaction closed on March 28, will be consolidated in the Group results starting Q2/2024

 **1.114**  
Employees at group level\*

 **196.000 to**  
Total production capacity of the Group\*\*



Business lines

\*including Palplast and Freiler employees

\*\*including the production capacities of Freiler Group and Palplast Moldova



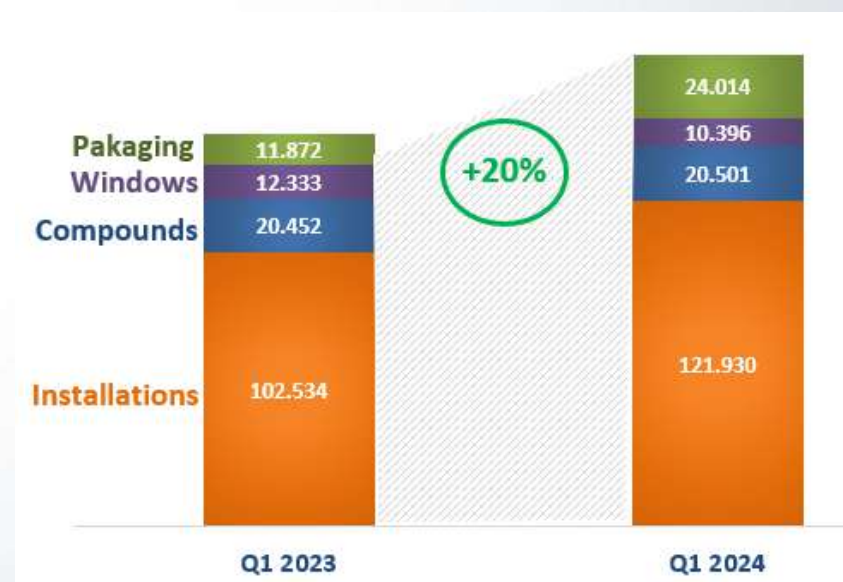
## Key information for Q1/2024

### General environment

- Construction works decreased overall by 11.8% in the first 2 months of 2024 compared to Jan-Feb 2023, according to INS. During the same period, engineering works increased by 3.1% on a seasonally adjusted basis.
- **Public infrastructure works have accelerated** with an increased number of projects reaching the execution phase.
- There is a significant advancement in works for natural gas transportation and distribution, alongside water and sewage projects.
- Market demand has boosted the utilization of the group's production capacities, driven by **import substitution in the Romanian market**.
- We have signed the contract for the implementation of the photovoltaic plant project for which we receive funding through the PNRR.

### Segment evolution

- We remain the market leader in **installations** in Romania and are the first-choice in projects led by industry leaders in the construction sector.
- **Palplast Moldova** - nearly 50% growth in sales; reflected in the results of the installations segment.
- Market share in **compounds** increased by substituting part of the imports.
- Volumes of **recycled material** sold to third parties below estimates, but overall volumes increased by 48%.
- Sales of **flexible packaging** are in line with budget expectations. Market with significantly degraded margins in the biodegradable packaging segment.
- **Opal stretch films** had a favorable start, with volumes double the estimates; special products launched ahead of schedule.
- The **windows and doors** segment recorded revenues in line with the budget; strategy focused on reducing dependence on retail.

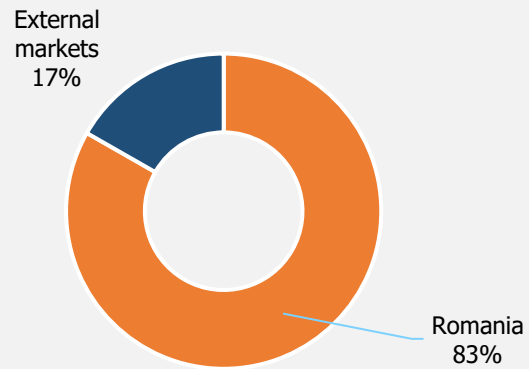


## Sales outside Romania



**Group's exports** increased by 32%,  
from RON 23,2 million to RON 30,7  
million.

### TeraPlast Group sales Q1/2024



Our products reach 22 countries





## Substantial growth in turnover and EBITDA

### TURNOVER

**176.8 MLN. LEI**

+20% vs Q1/'23 (147.2 mln. LEI)

### VOLUMES

**23,355 TONS**

+50% vs Q1/'23 (15,566 tons)

### EBITDA

**11.9 MLN. LEI**

+32% vs Q1/'23 (9 mln. LEI)

### EBITDA MARGIN

**6.7%**

+0.6pp vs Q1/'23 (6.1%)

### NET RESULT


**-2.5 MLN. LEI**

-2.6 mln. LEI in Q1/'23

### GROSS MARGIN

**36%**

-2pp vs Q1/'23 (38%)

- 
- Turnover increased by 20% compared to Q1/2023 and exceeded the budget by 19%.
  - EBITDA grew by 32% compared to Q1/2023.
  - Quantitative sales were 50% higher than in Q1/2023.
  - Sales outside Romania increased by 32% compared to Q1/2023.
  - Under the new legal provisions, due to the specific seasonality of the first quarter, **we paid turnover tax** (an additional cost of 1 million Lei), which, together with depreciation (approx. 2 million Lei) and non-recurring expenses related to M&A (approx. 1 million Lei), impacted the recorded loss.





## 20% increase in turnover Q1 2024 vs Q1 2023

- Price deflation in 2024 with 13% compared to 2023 is due to the decrease in raw material prices and in the cost of production, which have been transferred to the market.
- Installations and also recycled PVC volumes increased by almost 50%.
- The increase in volumes of flexible packaging sold is entirely as a result of Opal stretch film sales. Decreases were maintained in windows and doors.
- Opal stretch film volumes sold were double the target, placing us in the top 3 players in the Romanian market with a market share of approx. 30%.
- The M&A component is the sales of Palplast.



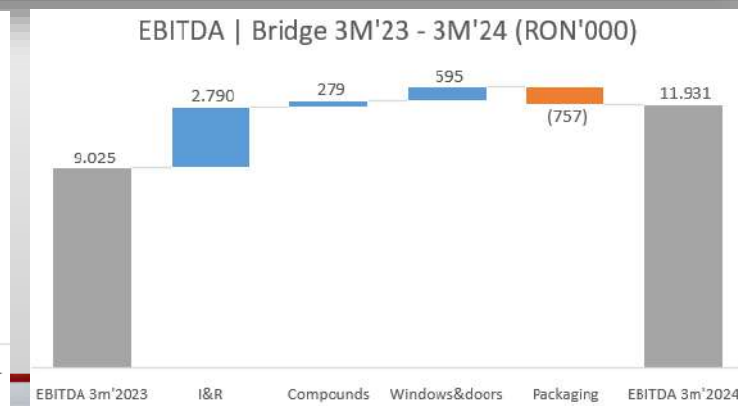
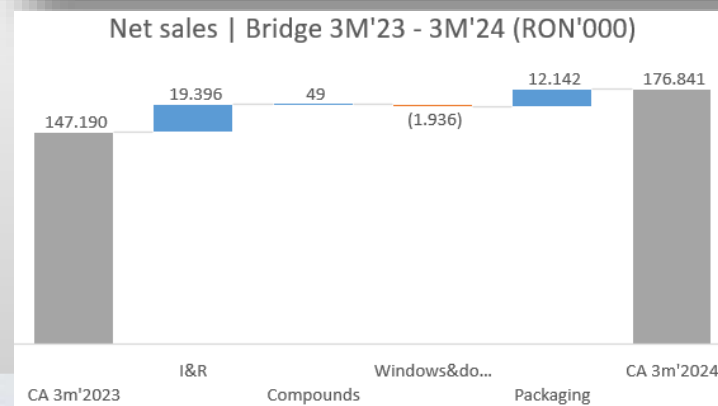
## Q1 2024 Budget vs Results

- Due to additional volumes of installations and stretch film, turnover is 20% above budget and Q1/2023.
- Gross margin decreased as a percentage (36% in Q1/'24 vs. 38% in Q1/'23) as part of the strategy to increase market share.
- Salaries and employee benefits has increased as a result of the increase in salaries throughout 2023. At 30-Mar-24 there were 939 employees in the TeraPlast group, similar to last year (Freiler Group employees not included).
- Utility expenses and other operating expenses remained at a similar level to last year. This includes non-recurring expenses of almost 1 million lei incurred by M&A operations.

⇒ Thus, EBITDA increased by 0.6 pp.

- The net result was influenced by the payment of the minimum turnover tax in Q1/'24 and the increase in depreciation expenses generated by the new investments put into operation.

RON'000	T1 2024 Rezultate	T1 2024 Buget	Var %	T1 2023 Rezultate	Var %
<b>Net Sales</b>	<b>176.841</b>	<b>148.712</b>	<b>19%</b>	<b>147.190</b>	<b>20%</b>
Other operating income	438	0	0%	778	-44%
<b>Total Operating Income</b>	<b>177.279</b>	<b>148.712</b>	<b>19%</b>	<b>147.968</b>	<b>20%</b>
Raw materials, consumables & merchand	(112.566)	(95.109)	18%	(90.693)	24%
Salaries and employee benefits	(25.842)	(24.288)	6%	(21.738)	19%
Utilities	(8.574)	(7.458)	15%	(9.122)	-6%
Amortization, impairments, provisions	(9.530)	(8.157)	17%	(7.750)	23%
Other operating expenses	(18.366)	(19.158)	-4%	(17.391)	6%
<b>Total Operating Costs</b>	<b>(174.879)</b>	<b>(154.171)</b>	<b>13%</b>	<b>(146.693)</b>	<b>19%</b>
<b>EBIT</b>	<b>2.401</b>	<b>(5.459)</b>	<b>n/a</b>	<b>1.275</b>	<b>88%</b>
<b>EBITDA</b>	<b>11.931</b>	<b>2.699</b>	<b>342%</b>	<b>9.025</b>	<b>32%</b>
<b>% EBITDA</b>	<b>6,75%</b>	<b>1,81%</b>	<b>5%</b>	<b>6,13%</b>	<b>1%</b>
Financial result, net	(3.453)	(3.820)	-10%	(3.498)	-1%
Profit before tax	(1.474)	(24)	6165%	(401)	268%
<b>Net profit</b>	<b>(2.526)</b>	<b>(9.302)</b>	<b>-73%</b>	<b>(2.624)</b>	<b>-4%</b>
<b>% Net profit</b>	<b>-1,43%</b>	<b>-6,25%</b>	<b>5%</b>	<b>-1,78%</b>	<b>0%</b>



## Financial performance

<i>RON '000</i>	FY'2023	FY'24B	Var %	3m'2023	3m'2024	Var %
<b>Net Sales</b>	<b>672.331</b>	<b>864.518</b>	<b>29%</b>	<b>147.190</b>	<b>176.841</b>	<b>20%</b>
Other operating income	1.835	139	-92%	778	438	-44%
<b>Total Operating Income</b>	<b>674.165</b>	<b>864.657</b>	<b>28%</b>	<b>147.968</b>	<b>177.279</b>	<b>20%</b>
Raw materials, consumables & merchandise	(424.942)	(545.111)	28%	(90.693)	(112.566)	24%
Salaries and employee benefits	(95.056)	(116.432)	22%	(21.738)	(25.842)	19%
Amortization, impairments, provisions	(33.002)	(36.491)	11%	(7.750)	(9.530)	23%
Other operating expenses	(102.796)	(131.457)	28%	(26.512)	(26.940)	2%
<b>Total Operating Costs</b>	<b>(655.796)</b>	<b>(829.491)</b>	<b>26%</b>	<b>(146.693)</b>	<b>(174.879)</b>	<b>19%</b>
<b>EBIT</b>	<b>18.369</b>	<b>35.166</b>	<b>91%</b>	<b>1.275</b>	<b>2.401</b>	<b>88%</b>
<b>EBITDA</b>	<b>51.372</b>	<b>71.657</b>	<b>39%</b>	<b>9.025</b>	<b>11.931</b>	<b>32%</b>
<i>EBITDA %</i>	<i>7,6%</i>	<i>8,3%</i>		<i>6,1%</i>	<i>6,7%</i>	
Financial result, net	(13.167)	(17.017)	29%	(3.498)	(3.453)	-1%
<b>Profit before tax</b>	<b>5.202</b>	<b>18.149</b>	<b>249%</b>	<b>(2.223)</b>	<b>(1.052)</b>	<b>-53%</b>
Income tax expense	(4.064)	(7.500)	85%	(401)	(1.474)	268%
<b>Net Profit</b>	<b>1.138</b>	<b>10.649</b>	<b>836%</b>	<b>(2.624)</b>	<b>(2.526)</b>	<b>-4%</b>
<i>Net Profit %</i>	<i>0,2%</i>	<i>1,2%</i>		<i>-1,8%</i>	<i>-1,4%</i>	

- Public infrastructure works in the execution phase accelerated in the first part of this year and TeraPlast remains the first choice for these projects.
- It is essential that the allocation of funds for infrastructure works continues in the second half of the year, after the local elections, because as they showed last year, construction is an engine of GDP growth.
- From April 2024 we will consolidate the Freiler Group's results.
- A guidance different than the budget is premature.

Net sales evolution 2024 (3a/12b) vs 2023 (3a/12a) (RON'000)

+20% vs 2023

+29% vs '2023

2024 (3mA/12mB)	176.841 CA 3mA	864.518 CA 12M
2023 (3mA/12mA)	147.190 CA 3mA	672.331 CA 12M

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

+32% vs 2023

+39% vs 2023

2024 (3mA/12mB)	11.931 EBITDA 3M	71.657 EBITDA 12M
2023 (3mA/12mA)	9.025 EBITDA 3M	51.372 EBITDA 12M



## Financial performance



	Grup Teraplast			Installation			Compounds			Windows&doors			Packaging		
RON '000	3m'2023	3m'2024	Var %	3m'2023	3m'2024	Var %	3m'2023	3m'2024	Var %	3m'2023	3m'2024	Var %	3m'2023	3m'2024	Var %
<b>Net Sales</b>	<b>147.190</b>	<b>176.841</b>	<b>20%</b>	<b>102.534</b>	<b>121.930</b>	<b>19%</b>	<b>20.452</b>	<b>20.501</b>	<b>0%</b>	<b>12.333</b>	<b>10.396</b>	<b>-16%</b>	<b>11.872</b>	<b>24.014</b>	<b>102%</b>
Other operating income	778	438	-44%	778	351	-55%	-	-	0%	-	81	0%	-	6	0%
<b>Total Operating Income</b>	<b>147.968</b>	<b>177.279</b>	<b>20%</b>	<b>103.312</b>	<b>122.281</b>	<b>18%</b>	<b>20.452</b>	<b>20.501</b>	<b>0%</b>	<b>12.333</b>	<b>10.477</b>	<b>-15%</b>	<b>11.872</b>	<b>24.020</b>	<b>102%</b>
Raw materials, consumables & merchandise	(90.693)	(112.566)	24%	(59.854)	(73.470)	23%	(15.306)	(14.452)	-6%	(6.872)	(5.366)	-22%	(8.661)	(19.278)	123%
Salaries and employee benefits	(21.738)	(25.842)	19%	(14.175)	(17.349)	22%	(1.445)	(1.711)	18%	(2.965)	(2.772)	-7%	(3.153)	(4.009)	27%
Amortization, impairments, provisions	(7.750)	(9.530)	23%	(5.850)	(6.768)	16%	(648)	(820)	26%	(365)	(264)	-28%	(887)	(1.680)	89%
Other operating expenses	(26.512)	(26.940)	2%	(20.076)	(19.465)	-3%	(1.701)	(2.059)	21%	(2.613)	(1.861)	-29%	(2.123)	(3.555)	67%
<b>Total Operating Costs</b>	<b>(146.693)</b>	<b>(174.879)</b>	<b>19%</b>	<b>(99.954)</b>	<b>(117.052)</b>	<b>17%</b>	<b>(19.100)</b>	<b>(19.042)</b>	<b>0%</b>	<b>(12.815)</b>	<b>(10.263)</b>	<b>-20%</b>	<b>(14.823)</b>	<b>(28.522)</b>	<b>92%</b>
<b>EBIT</b>	<b>1.275</b>	<b>2.401</b>	<b>88%</b>	<b>3.357</b>	<b>5.229</b>	<b>56%</b>	<b>1.352</b>	<b>1.459</b>	<b>8%</b>	<b>(482)</b>	<b>214</b>	<b>-144%</b>	<b>(2.952)</b>	<b>(4.502)</b>	<b>53%</b>
<b>EBITDA</b>	<b>9.025</b>	<b>11.931</b>	<b>32%</b>	<b>9.207</b>	<b>11.997</b>	<b>30%</b>	<b>2.000</b>	<b>2.279</b>	<b>14%</b>	<b>(117)</b>	<b>478</b>	<b>-508%</b>	<b>(2.065)</b>	<b>(2.822)</b>	<b>37%</b>
<b>EBITDA %</b>	<b>6,1%</b>	<b>6,7%</b>		<b>9,0%</b>	<b>9,8%</b>		<b>9,8%</b>	<b>11,1%</b>		<b>-0,9%</b>	<b>4,6%</b>		<b>-17,4%</b>	<b>-11,8%</b>	

In Q1/2024, the TeraPlast Group recorded impressive growth, with an EBITDA margin of 6.7% and a 20% increase in turnover, thanks to strategic investments and expansion, including the acquisition of Palplast Moldova, which made robust growth in volumes sold possible.

The priority for the beginning of the year was to increase capacity utilisation.

The significant increase in volumes on Installations was decisive in increasing the EBITDA margin, close to 10%.

Compounds sales were stable with an EBITDA margin of 11%, reflecting a normalization of performance as market share increased despite challenging market conditions.

We have reduced sales by focusing on the market for new residential projects in Romania to reduce our dependence on retail. The strategy led to a significant improvement in EBITDA.

The segment has doubled turnover, with reduced losses and improved capacity loading, projecting a move towards positive results for 2025.

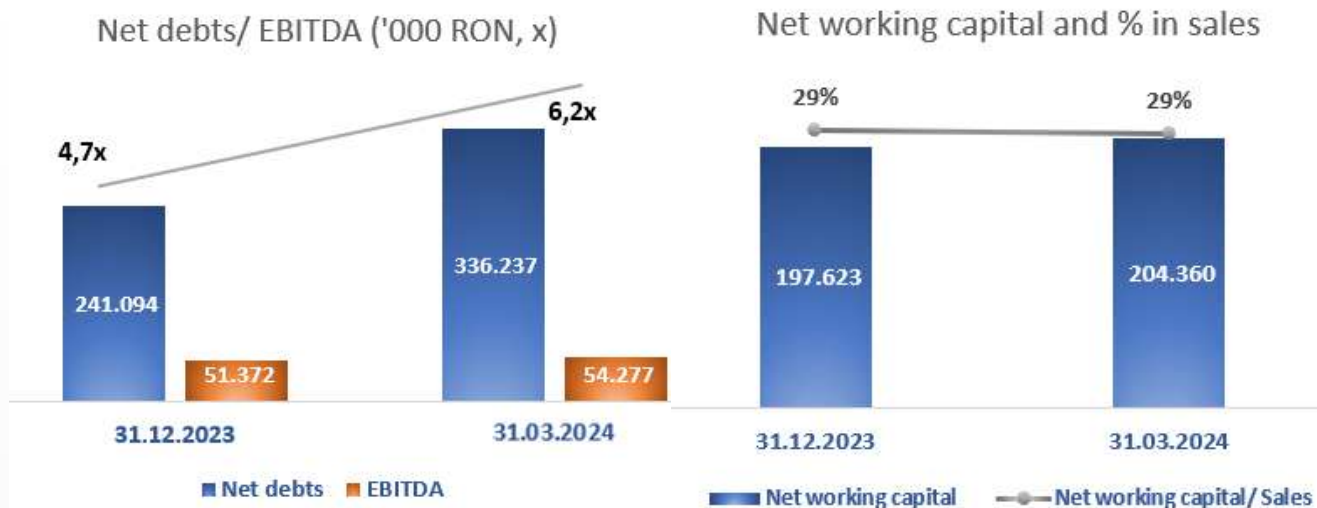


## Financial performance

### Q1 2024 | Balance-sheet summary

RON '000	TRP Group	
	31.12.2023	31.03.2024
Intangibles	3.961	3.846
Tangible assets	421.430	422.767
Investment Property	5.737	5.761
Other non-current assets	1.583	87.129
<b>Non-current assets</b>	<b>432.712</b>	<b>519.502</b>
Inventories	138.564	149.848
Trade receivables	154.411	179.502
Trade payables	(103.329)	(133.295)
<b>Trade working capital</b>	<b>189.647</b>	<b>196.055</b>
Other payables	(2.282)	(2.510)
Other receivables	10.259	10.815
<b>Other working capital</b>	<b>7.977</b>	<b>8.305</b>
<b>Net working capital</b>	<b>197.623</b>	<b>204.360</b>
Cash and cash equivalents	18.879	9.259
Bank loans and leases	(252.540)	(338.392)
Other non current liabilities	(6.908)	(6.580)
Provisions	(525)	(525)
<b>Net debt</b>	<b>(241.094)</b>	<b>(336.237)</b>
Subsidies	(76.561)	(74.660)
<b>Net assets</b>	<b>312.681</b>	<b>312.964</b>
Share capital & premiums	217.900	217.900
Reserves	54.259	54.072
Retained earnings	37.856	35.907
Non-controlling interest	2.665	5.084
<b>Equity</b>	<b>312.681</b>	<b>312.964</b>

### Key aspects



- We completed the acquisition of the Freiler Group at the end of March, paying the full price of EUR 16.5 million. We are consolidating the results from April, with the holding included in Other non-current assets at 31-Mar-24.
- Debt ratio will fall below 5 by the end of the year (Net debt: 346 million lei/ EBITDA: 72 million lei)
- Working capital remains at 29% of turnover.

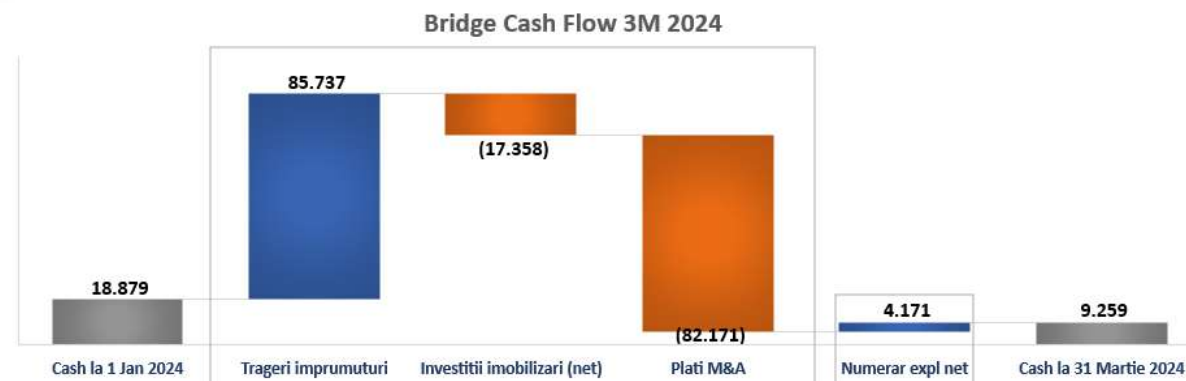
\*Turnover and EBITDA from the last 12 months

## Financial performance

### Q1 2024 | Cash-flow summary

Cash flow summary, RON `000	31.03.2023	31.03.2024
Net profit before tax	(2.223)	(1.052)
Net profit adjustments	14.365	14.414
<b>(+) Operating profit before changes in working capital</b>	<b>12.142</b>	<b>13.362</b>
Net impact working capital	6.952	(3.748)
Interest paid	(3.266)	(3.543)
Income from subsidies	(1.846)	(1.900)
<b>(-) Subtotal changes in working capital and other</b>	<b>1.855</b>	<b>(9.191)</b>
<b>=&gt; Cash from operating activities</b>	<b>13.997</b>	<b>4.171</b>
Payments for fixed assets acquisitions	(4.440)	(17.399)
M&A_Freiler Group and Palplast purchase payments, net of purchased cash	-	(82.171)
Receipts from subsidies	11.548	-
<b>(+) Net cash used for investments</b>	<b>7.199</b>	<b>(99.528)</b>
<b>(-) Net cash from finance activities</b>	<b>(28.081)</b>	<b>85.737</b>
Net variance	(6.885)	(9.620)
<b>Cash &amp; Equiv la Jan 1, 2023/ 2024</b>	<b>10.713</b>	<b>18.879</b>
<b>Cash &amp; Equiv la March 31, 2023/ 2024</b>	<b>3.828</b>	<b>9.259</b>

### Bridge 31 March 2024



- Out of the CapEx of 54 million lei planned for this year, we paid 17 million lei, mainly for the last components of the second stretch film line and the improvement of TeraPlast production capacities. Significant investments to be implemented this year are the photovoltaic park and the implementation of PVC pipe production in Moldova and Hungary.
- This year we will receive 34 million lei in subsidies for investments in the stretch film factory and photovoltaic panels.



**Thank you!**

