

H1 2024 results

Analysts and investors call
August 1, 2024



TeraPlast Group structure in 2024



1.123
Employees at Group level as of 30.06.2024

196.000 to
Total production capacity of the Group



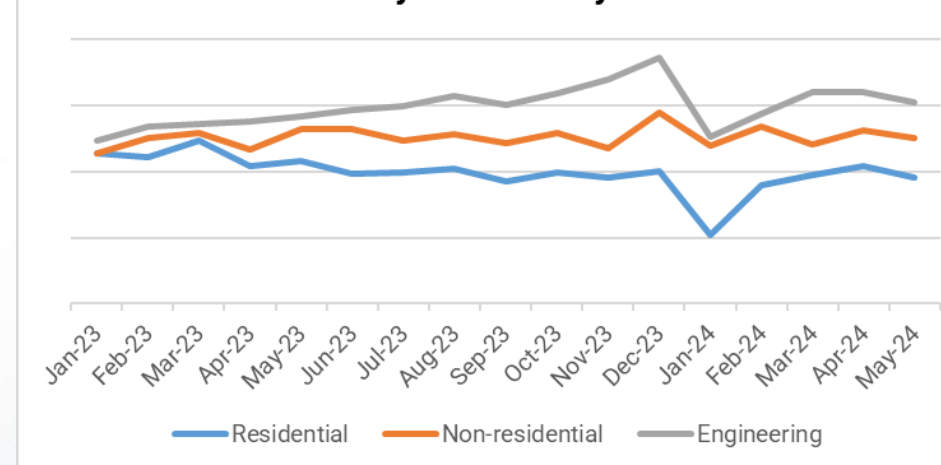
Key information H1 2024

General context

- The demand in the **infrastructure market** in Romania has had a positive evolution, although there are still shortcomings such as delays in issuing the orders for work commencement for contracts funded by major programs.
- The acceleration of projects funded by the Anghel Saligny program observed in Q2/2024 will lessen in the third quarter, as the available funds have been almost entirely allocated.
- **Private consumption of construction materials** has contracted due to inflation, leading to a slowdown in current repair and maintenance works.
- **Residential construction works** saw a decline of -21.6% in January-May 2024 compared to January-May 2023.
- **The cable manufacturing industry** is contracting due to the decrease in demand and the increase in prices of other raw materials, such as copper.
- The demand in the **packaging market** is affected by the decrease in retail purchasing power.
- The difficult climate in the **construction sector in Central and Western Europe** puts pressure on sales prices in these markets.
- **The market in Moldova** is mainly driven by the projects of residential developers, awaiting the activation of pre-accession funds.



**Evolution of the construction sector - RO
January 2023 - May 2024**



Source: INS (National Statistics Institute)



Key information H1 2024

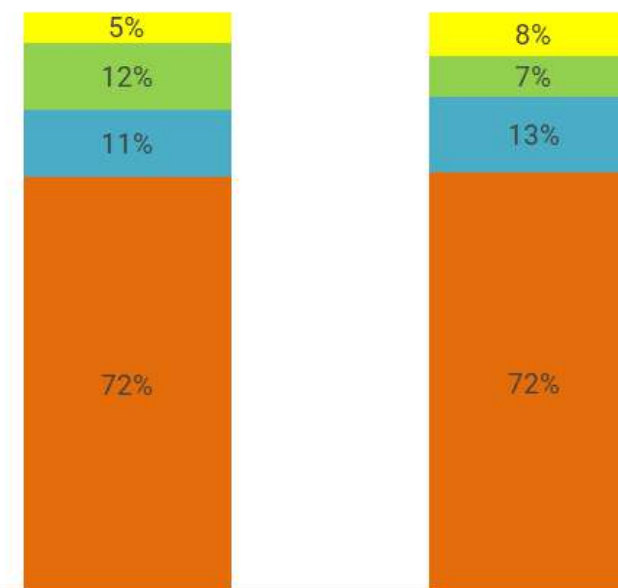
Segment evolution

- The Installations segment had an organic growth of 16% compared to H1/2023, driven by demand for infrastructure projects.
- The Wolfgang Freiler Group and Palplast Moldova contributed almost 40 million lei to the Group's results in H1/2024.
- The Compounds segment had a similar evolution to the first quarter; it maintained its market share.
- The recycling segment had a linear evolution, driven by the low prices of virgin raw materials. On the other hand, volumes are 40% higher than in H1/2023.
- The Flexible Packaging segment contributed almost 50 million lei to the consolidated turnover, but still has negative EBITDA. The segment also includes the results of the Opal stretch film, which is on a quantitative upward trend.
- The Windows and Doors segment had a similar evolution to H1/2023. As a result of the strategy to reduce dependence on retail, the turnover from contracts with non-retail customers increased by 38%.



Segments' share in the consolidated turnover
H1/2024 vs H1/2023

■ Installation ■ Compounds ■ Packaging ■ Windows



H1/2024

H1/2023



TeraPlast Group H1/2024 results

TURNOVER

428 MLN. LEI

+34% vs H1/'23 (320,5 mln. LEI)

QUANTITIES

54.009 TONS

+57% vs H1/'23 (34.483 tons)

EBITDA

26,9 MLN. LEI

+15% vs H1/'23 (23,3 mln. LEI)

EBITDA MARGIN

6,3%

-1pp vs H1/'23 (7,3%)

NET RESULT

-6,6 MLN. LEI

-998 thousand LEI in H1/'23

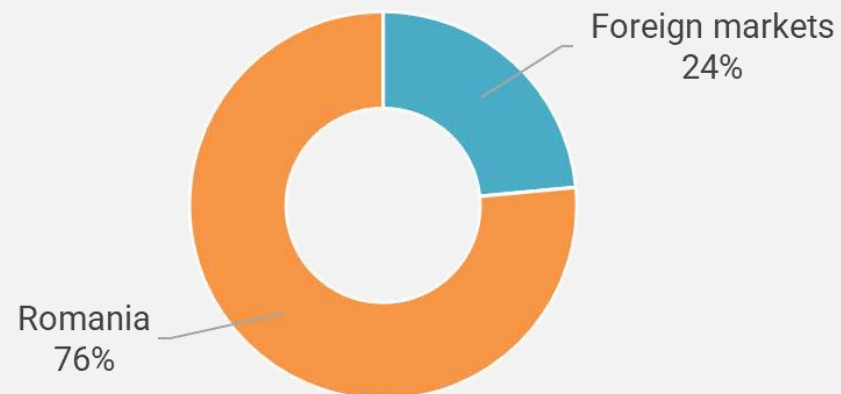
GROSS MARGIN

35%

-2pp vs H1/'23 (37%)



TeraPlast Group's sales outside Romania doubled, from 48 mln LEI in H1 2023, to 100 mln LEI in H1 2024.





33,5% increase in turnover H1 2024 vs H1 2023

- Price deflation in 2024 with 12,7% 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 over 40%.
- TeraBio Pack flexible packaging volumes show slight growth. Decreases were maintained in windows and doors.
- Opal stretch film volumes sold at 6 months reached 83% of the volumes budgeted for the full year.
- The M&A component is the sales of Palplast and Freiler Group (april-june).



H1 2024 Budget vs Results

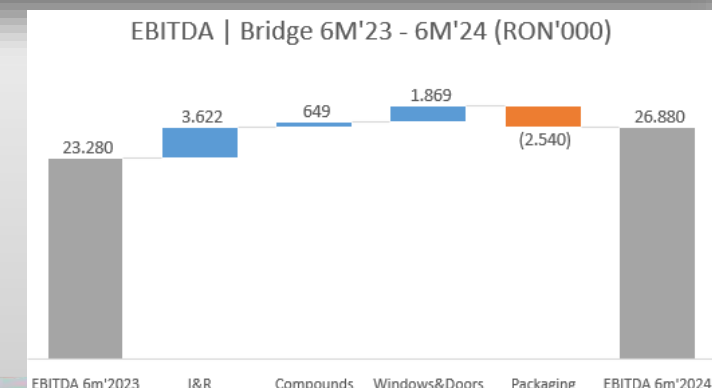
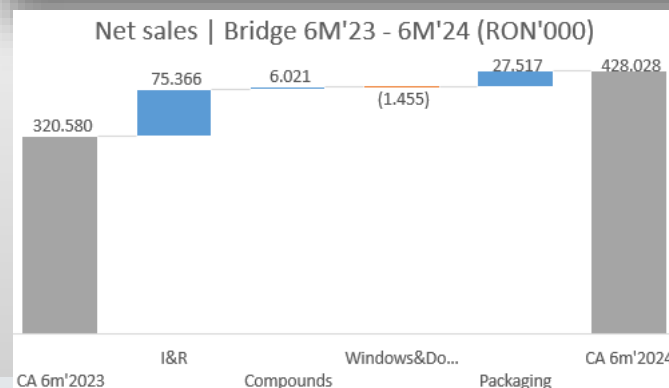


- Due to additional volumes of installation, stretch film and M&A, turnover is 13% above budget and 34% above and H1/2023.
- Gross margin decreased as a percentage (35% in H1/'24 vs. 37% in H1/'23) as part of the strategy to increase market share.
- Salaries and employee benefits has increased as a result of the increase in salaries. At 30-Jun-24 there were 1.123 employees in the TeraPlast group, the increase compared to last year (929 employees) is due to Freiler Group (130 employees) and Palplast (27 employees).
- Utilities and other operating expenses increased from last year's level, mainly due to M&A. This includes non-recurring expenses of almost 1 million lei incurred by M&A operations.

⇒ Thus, EBITDA decrease by almost 1 pp.

- The net result was influenced by the payment of the minimum turnover tax in H1/'24, higher depreciation expenses generated by the new investments put into operation and higher financing costs.

RON'000	H1 2024 Results	H1 2024 Budget	Var %	H1 2023 Results	Var %
Net Sales	428.028	377.558	13%	320.580	34%
Other operating income	561	46	1112%	898	-38%
Total Operating Income	428.589	377.604	14%	321.477	33%
Raw materials, consumables & merchandise	(277.313)	(239.458)	16%	(203.533)	36%
Salaries and employee benefits	(62.545)	(53.700)	16%	(45.151)	39%
Utilities	(18.541)	(19.065)	-3%	(15.943)	16%
Amortization, impairments, provisions	(21.758)	(17.590)	24%	(16.250)	34%
Other operating expenses	(43.309)	(42.935)	1%	(33.570)	29%
Total Operating Costs	(423.467)	(372.748)	14%	(314.448)	35%
EBIT	5.122	4.856	5%	7.030	-27%
EBITDA	26.880	22.445	20%	23.280	15%
% EBITDA	6,28%	5,94%		7,26%	
Financial result, net	(9.116)	(8.344)	9%	(6.476)	41%
Profit before tax	(2.627)	(1.351)	94%	(1.551)	69%
Net profit	(6.621)	(4.839)	37%	(998)	564%
% Net profit	-1,55%	-1,28%		-0,31%	



Financial performance



RON '000	FY'2023	FY'24B	Var %	6m'2023	6m'2024	Var %
Net Sales	672.331	864.518	29%	320.580	428.028	34%
Other operating income	1.835	139	-92%	898	561	-38%
Total Operating Income	674.165	864.657	28%	321.477	428.589	33%
Raw materials, consumables & merch	(424.942)	(545.111)	28%	(203.533)	(277.313)	36%
Salaries and employee benefits	(95.056)	(116.432)	22%	(45.151)	(62.545)	39%
Amortization, impairments, provisions :	(33.002)	(36.491)	11%	(16.250)	(21.758)	34%
Other operating expenses	(102.796)	(131.457)	28%	(49.514)	(61.851)	25%
Total Operating Costs	(655.796)	(829.491)	26%	(314.448)	(423.467)	35%
EBIT	18.369	35.166	91%	7.030	5.122	-27%
EBITDA	51.372	71.657	39%	23.280	26.880	15%
<i>EBITDA %</i>	<i>7,6%</i>	<i>8,3%</i>		<i>7,3%</i>	<i>6,3%</i>	
Financial result, net	(13.167)	(17.017)	29%	(6.476)	(9.116)	41%
Profit before tax	5.202	18.149	249%	554	(3.994)	-821%
Income tax expense	(4.064)	(7.500)	85%	(1.551)	(2.627)	69%
Net Profit	1.138	10.649	836%	(998)	(6.621)	564%
<i>Net Profit %</i>	<i>0,2%</i>	<i>1,2%</i>		<i>-0,3%</i>	<i>-1,5%</i>	

- **Significant growth in turnover and volumes:**

TeraPlast Group recorded a 34% increase in turnover and 57% increase in volumes sold compared to H1/2023, driven by strategic investments and recent M&A.

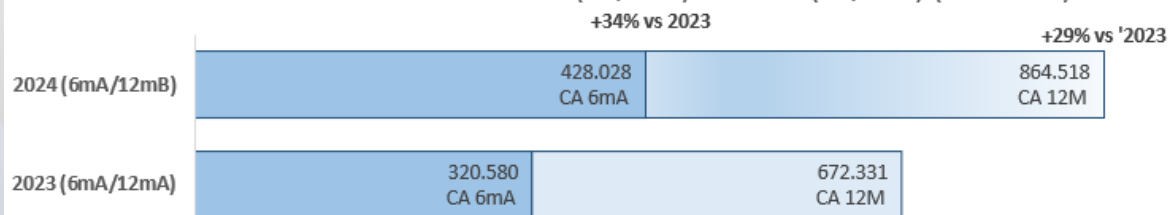
- **EBITDA performance:** EBITDA increased by 15%, although EBITDA margin fell to 6.3% due to pricing pressures and efforts to increase market share.

- **External markets:** Sales outside Romania doubled, and account for 23.5% of total turnover, consolidating the group's international presence.

- **The acquisitions of the Wolfgang Freiler Group and Palplast Moldova:** These acquisitions had a significant positive impact on financial performance and volumes sold.

- **Outlook for the second half of the year:** TeraPlast Group remains cautious in the context of macro-economic uncertainties and maintains its conservative budget, but expects a continuation of the positive trends observed in H1.

Net sales evolution 2024 (6a/12b) vs 2023 (6a/12a) (RON'000)



EBITDA 2023 (6a/12B) vs 2022 (6a/12a) (RON'000)



Financial performance



RON '000	TeraPlast Group			Installations			Compounds			Windows&Doors			Packaging		
	6m'2023	6m'2024	Var %	6m'2023	6m'2024	Var %	6m'2023	6m'2024	Var %	6m'2023	6m'2024	Var %	6m'2023	6m'2024	Var %
Net Sales	320.580	428.028	34%	231.647	307.013	33%	42.324	48.345	14%	24.565	23.110	-6%	22.044	49.561	125%
Other operating income	898	561	-38%	884	461	-48%	-	-	0%	10	91	853%	4	9	140%
Total Operating Income	321.477	428.589	33%	232.531	307.474	32%	42.324	48.345	14%	24.574	23.201	-6%	22.048	49.570	125%
Raw materials, consumables & merch	(203.533)	(277.313)	36%	(141.200)	(190.114)	35%	(32.160)	(35.024)	9%	(14.674)	(11.757)	-20%	(15.499)	(40.418)	161%
Salaries and employee benefits	(45.151)	(62.545)	39%	(30.178)	(44.335)	47%	(2.872)	(4.089)	42%	(5.876)	(6.198)	5%	(6.224)	(7.924)	27%
Amortization, impairments, provisions	(16.250)	(21.758)	34%	(12.473)	(15.431)	24%	(1.340)	(1.669)	25%	(631)	(525)	-17%	(1.805)	(4.134)	129%
Other operating expenses	(49.514)	(61.851)	25%	(37.481)	(45.731)	22%	(3.269)	(4.560)	39%	(4.992)	(4.344)	-13%	(3.772)	(7.216)	91%
Total Operating Costs	(314.448)	(423.467)	35%	(221.333)	(295.610)	34%	(39.642)	(45.342)	14%	(26.173)	(22.825)	-13%	(27.301)	(59.691)	119%
EBIT	7.030	5.122	-27%	11.199	11.864	6%	2.682	3.003	12%	(1.598)	376	-124%	(5.253)	(10.121)	93%
EBITDA	23.280	26.880	15%	23.672	27.294	15%	4.022	4.672	16%	(967)	901	-193%	(3.448)	(5.987)	74%
EBITDA %	7,3%	6,3%		10,2%	8,9%		9,5%	9,7%		-3,9%	3,9%		-15,6%	-12,1%	

In H1 2024, TeraPlast Group recorded significant growth in sales and volumes sold, supported by strategic investments and recent acquisitions. The acquisitions of Wolfgang Freiler Group and Palplast Moldova contributed substantially to these positive results. EBITDA increased, although EBITDA margin declined slightly due to pricing pressures and efforts to increase market share. External sales doubled, contributing significantly to the group's financial performance. In Q2, net sales increased by 45% compared to Q2/2023, reaching RON 251.0 million, due to the integration of recent acquisitions.

The increase in volumes on Installations was decisive for the growth in turnover and EBITDA. The EBITDA margin remained close to 9%, reflecting a solid performance in the context of an expanding product portfolio and demand from the infrastructure works sector.

Compounds sales increased, reflecting solid performance and maintaining market share despite challenging market conditions. EBITDA margin was 9.7%, demonstrating stability and operational efficiency in an unfavorable climate.

We continued to focus on non-retail projects, which resulted in a significant improvement in EBITDA. The strategy also included the development of special projects, contributing to a positive financial performance.

The segment doubled its turnover due to Opal, EBITDA remained negative, but geographic expansion and increased volumes of Opal stretch foils indicate a positive development.

Financial performance

H1 2024 | Balance-sheet summary

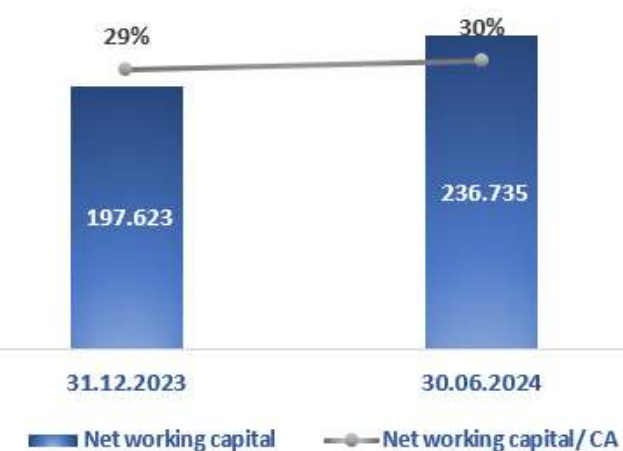
RON '000	TRP Group	
	31.12.2023	30.06.2024
Intangibles	3.961	3.959
Tangible assets	421.430	472.994
Investment Property	5.737	12.119
Other non-current assets	1.583	19.500
Non-current assets	432.712	508.572
Inventories	138.564	180.051
Trade receivables	154.411	254.473
Trade payables	(103.329)	(208.835)
Trade working capital	189.647	225.689
Other payables	(2.282)	(3.432)
Other receivables	10.259	14.478
Other working capital	7.977	11.045
Net working capital	197.623	236.735
Cash and cash equivalents	18.879	12.632
Bank loans and leases	(252.540)	(347.906)
Other non current liabilities	(6.908)	(8.133)
Provisions	(525)	(525)
Net (debt) / cash	(241.094)	(343.932)
Subsidies	(76.561)	(92.677)
Net assets	312.681	308.698
Share capital & premiums	217.900	217.900
Reserves	54.259	54.072
Retained earnings	37.856	31.362
Non-controlling interest	2.665	5.364
Equity	312.681	308.698

Key aspects

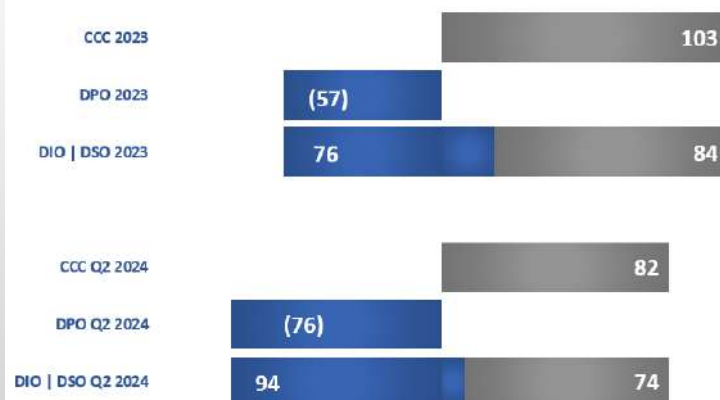
Net debt/ EBITDA ('000 RON, x)



Net working capital and % in sales



Cash Conversion Cycle (in # days)



- Debt ratio will fall below 5 by the end of the year (Net debt: 346 million lei/ EBITDA: 72 million lei).
- Working capital up slightly due to acquisitions.

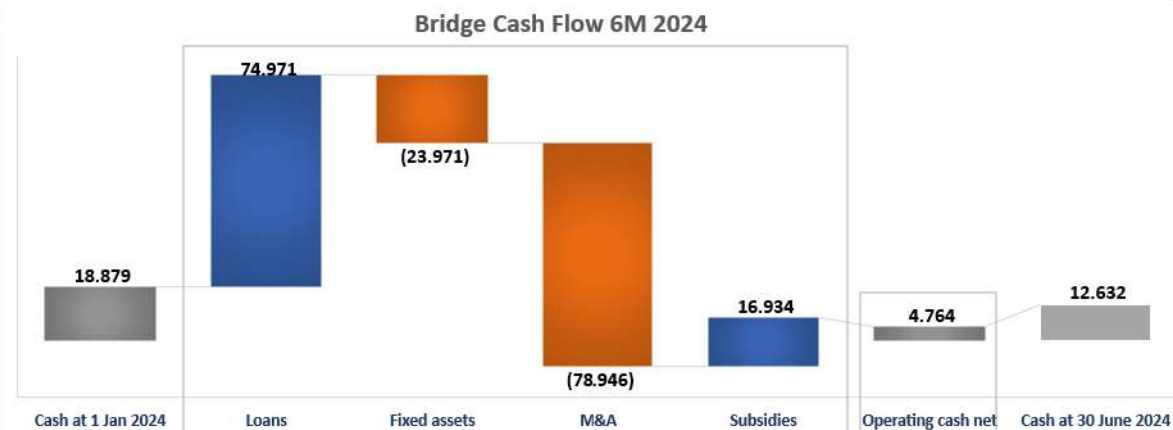
*Turnover and EBITDA from the last 12 months

Financial performance

H1 2024 | Cash-flow summary

Cash flow summary, RON `000	30.06.2023	30.06.2024
Net profit before tax	554	(3.994)
Net profit adjustments	27.020	35.379
(+) Operating profit before changes in working capital	27.574	31.385
Net impact working capital	(3.356)	(12.595)
Income tax paid	(336)	(8.678)
Interest paid	(6.040)	(422)
Income from subsidies	(3.471)	(4.926)
(-) Subtotal changes in working capital and other	(13.202)	(26.621)
=> Cash from operating activities	14.372	4.764
Payments for fixed assets acquisitions	(20.582)	(23.971)
Freiler purchase payments, net of purchased cash	701	(78.946)
Receipts from subsidies	11.548	16.934
(+) Net cash used for investments	(8.333)	(85.983)
Net repayments of loans and leasing	15.098	75.006
Share repurchased	9	(34)
(-) Net cash from finance activities	15.107	74.971
Net variance	21.146	(6.248)
Cash & Equiv la Jan 1, 2023/ 2024	10.713	18.879
Cash & Equiv la Iunie 30, 2023/ 2024	31.859	12.632

Bridge 30 June 2024



- We paid 79 million lei for M&A - Freiler Group net of purchased cash.
- Out of the planned CapEx of 54 million lei planned for this year, we paid 24 million lei, mainly for the last components of the second stretch film line and the improvement of TeraPlast's production capacities. Significant investments to be implemented this year are the photovoltaic park and the implementation of PVC pipe production in Moldova and Hungary.
- We have received 16.9 million lei subsidy for investments in the stretch film factory, we will receive another 8 million lei this year for stretch film and 9 million lei for the investment in photovoltaic panels.



Thank you!

