TERAPLAST S.A.
Parc Industrial TeraPlast
DN 15A, km 45+500, Cod. 427298, Jud. Bistriţa-Năsăud
Tel: 0374 46 15 29; Fax: 0263 23 12 21
CUI: RO3094980; J6/735/1992
Capital social subscris şi vărsat: 85.691.097 lei
www.TeraPlast.ro

PRESS RELEASE

Teraplast Group estimates to double its EBITDA in 2018

Bistrita, February 15th, 2018 – Teraplast Group, the largest PVC processor in Romania and one of the leading manufacturers of materials for construction and installation market, closes 2017 with an EBITDA of 41 million lei. The Group estimates an increase of over 100% of EBITDA in 2018, after in prior year it massively invested in a series of important acquisitions, which will have a major contribution to Group's results in 2018: stake of 67% in Depaco, the plant of sandwich panels Terasteel Serbia, Politub business and PVC recycling plant.

The consolidated global result of Teraplast Group (please see Annex) for 2017 presents a turnover of 427 million lei, an increase of 7% compared to prior year.

Key indicators, thousand lei	2016	2017	2018 (budget)
Turnover	399	427	970
Adjusted* EBITDA	62	41	101
EBITDA margin	16%	10%	10%

**Adjusted EBITDA: Operating result + Depreciation and impairment of non-current assets, net + Set-up provisions, net + Gain/ (Loss) from disposal and valuation at fair value of tangible and intangible assets and of investment property + Expenses related to acquisition of stake in Depaco, TeraSteel Serbia and Politub, in amount of 1.5 million lei in 2017 (2016: zero lei).*

Teraplast Group includes Teraplast SA (producer of pipes, compounds and PVC profile) its subsidiaries TeraSteel Bistrita and TeraSteel Serbia (producers of sandwich panels and galvanized structures), Teraglass (producer of PVC windows and doors), Teraplast Logistic (starting with June 2016 it includes the logistic activities of Teraplast Group), Teraplast Hungary (distribution company), polyethylene division (former Politub, producer of polyethylene pipes) and Depaco (producer of metallic tiles).

Year 2017 was marked by a series of important events in the development of Teraplast Group. Among these are the acquisition of Interlemind, a sandwich panels manufacturer from Serbia. Bought in June 2017 for 4.3 million euros and inaugurated in October, this is the first foreign factory opened after 1990 and wholly owned by a Romanian company. In 2018, Terasteel plant from Serbia aims to sell products worth over 28 million euros.

Also, in 2017 the Group entered into agreements to purchase the 67% stake in Depaco, the second producer of metallic tiles in Romania, through Wetterbest brand. Teraplast took control over Depaco in January 2018, after obtaining a favorable notice from the Competition Council. As of December 31st, 2017, Depaco was jointly controlled with the other shareholders, and as a result the company is consolidated through the equity method (Depaco did not contribute to consolidated group EBITDA for 2017). Depaco will be consolidated as a subsidiary starting January 2018.

The acquisition series continued with the takeover of Politub, one of the most important players on the water and gas pipe market, which has been fully integrate into Teraplast's portfolio starting October 2017. Starting December 2017, Politub has transferred its business to Teraplast as a whole, becoming Teraplast's polyethylene pipe division. For 2018, the representatives plan to double the turnover for this division.

TERAPLAST S.A.
Parc Industrial TeraPlast
DN 15A, km 45+500, Cod. 427298, Jud. Bistriţa-Năsăud
Tel: 0374 46 15 29; Fax: 0263 23 12 21
CUI: RO3094980; J6/735/1992
Capital social subscris şi vărsat: 85.691.097 lei
www.TeraPlast.ro

The turnover reported by **TeraSteel Romania** in 2017 was 173 million lei, and EBIDTA of 17.8 million lei (2016: turnover of 125 million lei, EBITDA of 15 million lei). Less than 3 months after its inauguration, TeraSteel Serbia ended the year with a turnover of 10.5 million lei and EBITDA of 0.5 million lei. The TeraPlast Group predicts an increase in the aggregate turnover of TeraSteel Romania and Serbia over 70% in 2018.

Cosmin Pătroiu, General Manager of TeraSteel: *" I am pleased that if I was the No. 11 player 10 years ago, we are now leading the market for sandwich panels with polyurethane foam in Romania. TeraSteel Serbia generated EBITDA in the second month of production. With our factory in Serbia, we are operating on a market of 160 million euros. We have proposed for 2018 a market share of approx. 20%. We have been exporting to Serbia for 3 years, so we have solid knowledge in this market."*

Depaco proposes to increase market share in 2018, especially in the center and north of the country, but also to expand its presence on the European market.

Valeriu Irimescu, General Manager of Depaco: *"We have strengthened our sales force, and we have started expanding and improving our production capacities. "*

The Group's consolidated EBITDA decrease is due to the unfavorable evolution of **TeraPlast** on the backdrop of unfavorable market conditions. For 2018, the company expects a savings of at least EUR 1 million with raw material as a result of the commissioning of the recycled PVC section in November 2017. TeraPlast has also adapted its supply, stock and distribution policies to the new market conditions.
In order to maintain its leading position in the external sewerage market, and to increase its market share for indoor sewerage systems, TeraPlast has prepared new products for 2018.

Mirela Pop, General Manager of TeraPlast: "We entered in 2018 as one of the top 10 European recyclers and with a structured product portfolio so that we can meet the current market challenges."

The TeraPlast Group proposes for the year 2018 a turnover of over 900 million lei. The Group's product portfolio is structured on seven business lines: Installations & Improvements, Joinery profiles, Granules, Thermal insulation panels, Zinc coated metal structures, Thermal Insulation Joinery and Metal Tile with the Wetterbest brand, holding top positions in most of these markets. The parent company TeraPlast is the market leader on the outer sewer and granule segments, and is the second player on the domestic sewer market. Subsidiary TeraSteel is the second player in the sandwich panel market and the market leader in galvanized metal structures.

<u>Significant events in 2017:</u>

- ✓ TeraPlast`s Board of Directors decided in **January** to set up a company in Republic of Serbia. The purpose of this decision was to improve the presence of the TeraPlast`s Group on the Serbian market;
- ✓ The subsidiary Plastsistem changed the name in **January** and became TeraSteel;
- ✓ In **February**, Cosmin Pătroiu has been appointed as General Manager for TeraSteel company;
- ✓ In **March**, TeraPlast has concluded the agreement for the acquisition of 50% from the shares of Depaco company, the second player on the metal tile market, through the Wetterbest brand;
- ✓ In **May**, TeraPlast`s Board of Directors named Mirela Pop as General Manager of TeraPlast;
- ✓ In **June**, TeraPlast purchased a sandwich panels plant in Republic of Serbia. The new plant will double the production capacity of panels for TeraPlast Group;

- ✓ In **June**, Ioana Birta was named as Financial Director of TeraPlast Group;
- ✓ In **August**, TeraPlast and TeraSteel subsidiary, signed a contract of sale for shares with New Socotub S.A., France, for the acquisition of shares representing 50% of share capital of the subsidiary of Politub S.A. Thus, the Group hold 100% of shares in Politub S.A.;
- ✓ TeraPlast has concluded the agreement of purchase an addition package of shares representing 10% in Depaco Company, in **June**. At 30th **September 2017**, this joint is not yet recorded at Trade Register;
- ✓ In **September**, it was approved the increase of the Group`s investment plan for 2017, with over 14%, from RON 84 million to RON 96 million;
- ✓ In **October**, Sorin Olaru, Managing Partner of Cetus Capital and RSL Capital Advisor SRL company come in the TeraPlast`s Board of Directors;
- ✓ In **October**, TeraPlast announced the completion of the acquisition process of Politub company;
- ✓ In **Octobe**r, TeraPlast officially opened TeraSteel Serbia, the first Romanian factory initiated in abroad after 1990;
- ✓ In **November**, TeraPlast`s Group reaches a 67% of share capital of Depaco, after the aquisiton of 7% shares;
- ✓ Starting with **31 December 2017**, the Politub`s activity has been transferred in Teraplast, Politub became the division of polypropylene pipes in TeraPlast.

Details TeraPlast Group:

With a tradition of 120 years, the TeraPlast Group is currently the largest PVC processor in Romania and one of the most important manufacturers of materials for the construction and installation market. The Group's product portfolio is structured on seven business lines: Installations & Improvements, Joinery profiles, Granules, Thermal insulation panels, Zinc coated metal structures, Thermal Insulation Joinery and Metal Tile with the Wetterbest brand. The TeraPlast Group is active on the foreign market since October 2017, after the opening of TeraSteel Serbia, the first factory inaugurated after 1990 and wholly owned by a Romanian company.

The manufacturing facilities of the Group companies are located in TeraPlast Industrial Park, spreading over an area of over 200.000 square meters, outside the build-up area of Bistrita municipality. In the last 10 years, TeraPlast Group has invested 246 million lei in the development and improvement of its manufacturing capacities, but also in expanding the product portfolio.

Starting from 2nd July 2008 the greatest part of the Group - TeraPlast is listed on Bucharest Stock Exchange under the TRP logo.

The report for the financial year 2017 can be found on the website www.TeraPlast.ro / Investors / Financial Reports section and can be accessed in the following link: http://www.TeraPlast.ro/investitori/rapoarte-financiare/.