

April 18, 2024

TERAPLAST

Q1'24 sales growth led to a reduction in budgeted losses

* For Q1'24, bottom-line remained in negative territory to losses of RON 2.5m, mainly due to increased operating expenses (+20% Y/Y to RON 174m). However, it managed to reduce the budgeted loss for Q1'24 (from RON 9.3m to RON 2.5) | NEUTRAL.

* Q1'24 sales increased by 20% Y/Y to RON 177m (vs. RON 147m our estimate) mainly on increased volumes (+50% Y/Y). The installation segment increased 19% Y/Y to RON 122m. Compounds sales remained flat Y/Y at RON 20m. Windows & Doors sales declined 16% Y/Y to RON 10m. Biodegradables sales more than doubled Y/Y to RON 24m. The key factors that contributed to the increase in turnover are as follows: Acceleration of public infrastructure projects (by increasing the number of projects that have reached the execution phase) and significant progress in works for the transportation and distribution of natural gas, in addition to water and sewage projects.

* Q1'24 OPEX increased 20% Y/Y to RON 174m (vs. RON 157m our estimate). EBITDA grew 32% Y/Y to RON 12m (vs. RON 6m our estimate), while the respective margin improved to 6.7% from 6.1% in Q1'23. Installations segment's EBITDA rose by 30% Y/Y to RON 12m (EBITDA margin 9.8% vs. 9% a year ago), Compounds EBITDA added 14 % Y/Y to RON 2.3m (EBITDA margin 11.1% vs. 9.8% a year ago), Windows & Doors EBITDA turned positive to RON 0.5m (EBITDA margin 4.6% vs. -0.9% a year ago), Biodegradables segment's EBITDA remained negative to RON 3m (EBITDA margin -11.8%). Q1'24 net financial result remained in negative territory, at losses of RON 3.5m (flat Y/Y).

OUTLOOK. The management is hopeful about the rest of the year, given the Q1'24 results. However, considering the business's seasonal fluctuations, it's premature to discuss a budget update. Starting with Q2'24, the company will consolidate Freiler Group results. For FY'24, we maintain our net profit estimate at RON 11m (in line with the company's budget) | NEUTRAL.

Q1'24 First look

BQ: TRP RO

Last close **RON 0.551**

52 - Week range **RON 0.450 | RON 0.620**

Market cap (m) **RON 1,200.6** **€ 241.3**

	Q1'23A	Q1'24A	FY'22A	FY'23A
P&L summary (RONm)				
Net turnover o/w	147.2	176.8	711.1	672.3
Installations	102.5	121.9	488.2	501.0
Compounds	20.5	20.5	126.1	76.1
Windows & Doors	12.3	10.4	56.5	48.8
Biodegradables	11.9	24.0	40.3	46.4
Total operating revenues	149.8	179.2	716.1	682.1
Operating expenses	145.9	174.4	689.6	663.8
D&A	7.8	9.5	26.3	33.0
EBITDA o/w	9.0	11.9	52.7	51.4
EBITDA margin	6.1%	6.7%	7.4%	7.6%
Installations	9.2	12.0	50.9	52.4
EBITDA margin	9.0%	9.8%	10.4%	10.5%
Compounds	2.0	2.3	12.7	6.0
EBITDA margin	9.8%	11.1%	10.1%	7.9%
Windows & Doors	-0.1	0.5	0.3	0.4
EBITDA margin	-0.9%	4.6%	0.6%	0.9%
Biodegradables	-2.1	-2.8	-11.3	-7.5
EBITDA margin	-17.4%	-11.8%	-27.9%	-16.2%
EBIT	1.3	2.4	26.4	18.4
EBIT margin	0.9%	1.4%	3.7%	2.7%
Net financial result	-3.5	-3.5	-9.9	-13.2
EBT	-2.2	-1.1	16.6	5.2
Income tax	-0.4	-1.5	-1.2	-4.1
Net profit	-2.6	-2.5	15.4	1.1
Net profit margin	-2%	-1%	2%	0%

Source: The Group



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Mentioned companies

Company	BSE	Rating	Price	Price date	Disclosure
Teraplast	TRP	-	0.551	15/05/2024	NONE

Rating history for TRP

Date	Rating	Share Price (RON)	Target Price (RON)
24/03/2021	Initiation of coverage - NEUTRAL	0.796	0.750
14/02/2023	Update - SELL	0.599	0.427

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