



Apr. 2021 Investor meeting

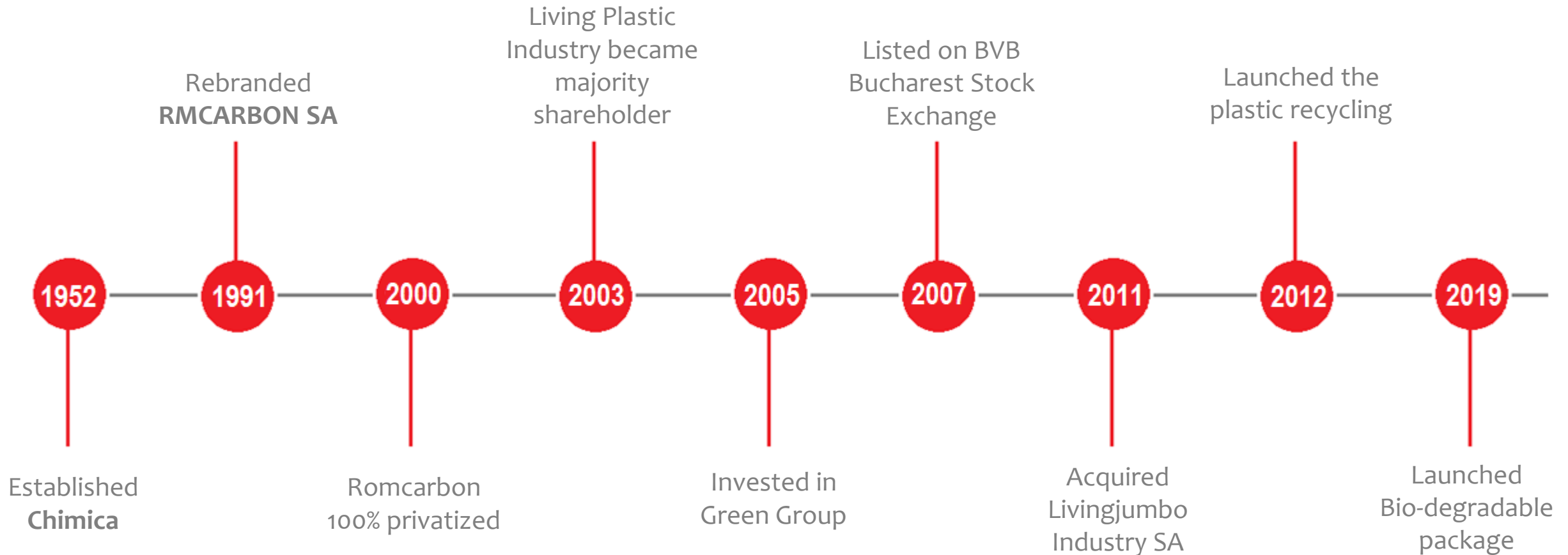
# **2020 Review** **2021 Looking Forward**





- BRIEF OF ROMCARBON's HISTORY
- ROMCARBON GROUP ACTIVITIES
- KEY FIGURE OF CONSOLIDATED FINANCIAL STATEMENT
- CONTRIBUTION OF INDIVIDUAL PRODUCTION ACTIVITIES
- EVOLUTION OF THE BUSINESS BY ACTIVITIES
- FUTURE STRATEGY
- INVESTMENT 2020 & 2021
- INVESTMENT IN GREEN GROUP
- ESGs - ENVIRONMENTAL, SOCIAL AND GOVERNANCE
- Q&A
- LEGAL DISCLAIMER

# Brief of Romcarbon History



# Romcarbon Group & activities



Plastic processing : PE / PS / PP / PVC

Regenerated Polymer and compounding

Filter and Active carbon

Around  
890  
employees



Plastic processing : PP / PET / PE

Around  
660  
employees

**Major  
Investment**



Circular economy

Around  
1,750  
employee

# Polyethylene processing – PE

[www.foliesolar.ro](http://www.foliesolar.ro)



various sizes of polyethylene packaging (little bags, bags, pouches by extrusion, printing, welding), general purpose film, foil for greenhouse, thermo foil .

Since 2019, Romcarbon start to develop the product related to the circular economy in order to meet the demand of the green market

Main challenge : introducing more recycled material



# Polystyrene processing – PS

[www.ambalajepolistiren.ro](http://www.ambalajepolistiren.ro)



casseroles and trays (standard, absorbents, catering) for food industry

EPS floor underlayment for construction , home improvement

Romcarbon is one of the most important producer in Romania for both products

Main challenge : ban for the EPS catering tray in EU market

# Polypropylene processing – PP

[www.saci-rafie.ro](http://www.saci-rafie.ro)

[www.livingjumbo.ro](http://www.livingjumbo.ro)



PP woven bags in different sizes for packaging products used in agriculture, food and chemical industry and other application

Main challenge : labor cost and labor force



# Plastic recycling & compounding

[www.plastic-compounds.ro](http://www.plastic-compounds.ro)



Regenerated raw materials made of post-industrial or post-consumed plastic waste, includes PP / PE / PS / ABS Plastic compounds, base on custom made. Mix the regenerated raw material with various additives in order to improve mechanical properties, solar radiation resistant, flame resistant, resistant to strong shocks etc.

Main challenge : influenced by the virgin polymer price



# Filter and Active carbon

<https://filtre-auto-industriale.ro/>  
<https://protectie-respiratorie.ro/>



PP  
packaging strap



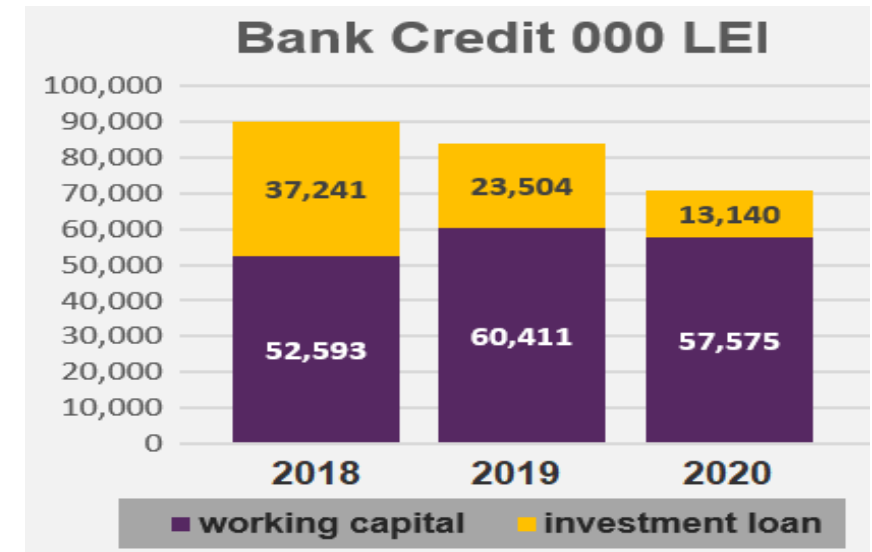
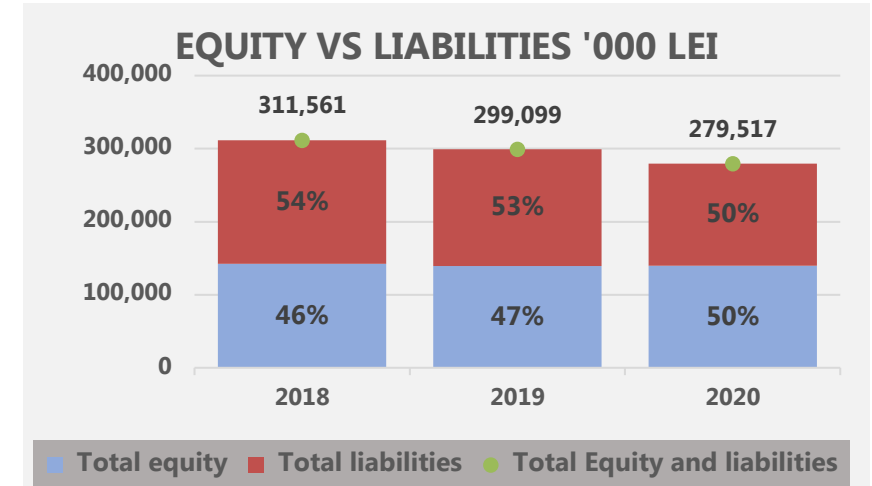
Main challenge : too small to reach the scale economy.  
Lacking the market competitiveness

# Consolidated financial statement – key figure

KRON	2018	2019	2020	2020 vs 2019
Revenue (Sales)	257,709	245,772	256,050	▲ 10,278
Other income	6,289	6,897	5,198	▼ (1,699)
Share of profit / loss of associates ( Green Group )	(1,344)	(68)	(2,565)	▲ (2,497)
EBITDA	10,585	12,097	13,463	▲ 1,366
EBITDA Operational	10,076	12,530	17,753	▲ 5,223
Net profit	(4,117)	(2,617)	(84)	▼ 2,533
<b>Net profit without impact of Green Group</b>	<b>(2,773)</b>	<b>(2,549)</b>	<b>2,481</b>	<b>▲ 5,030</b>

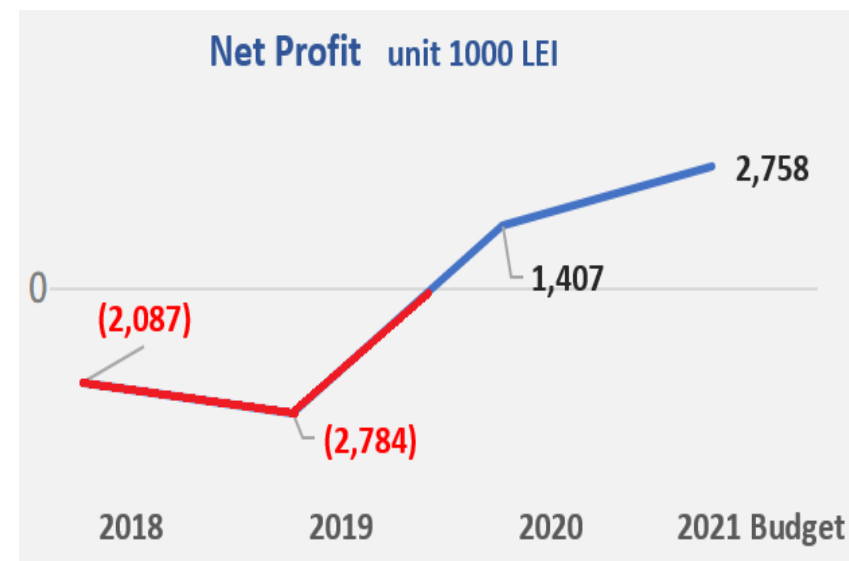
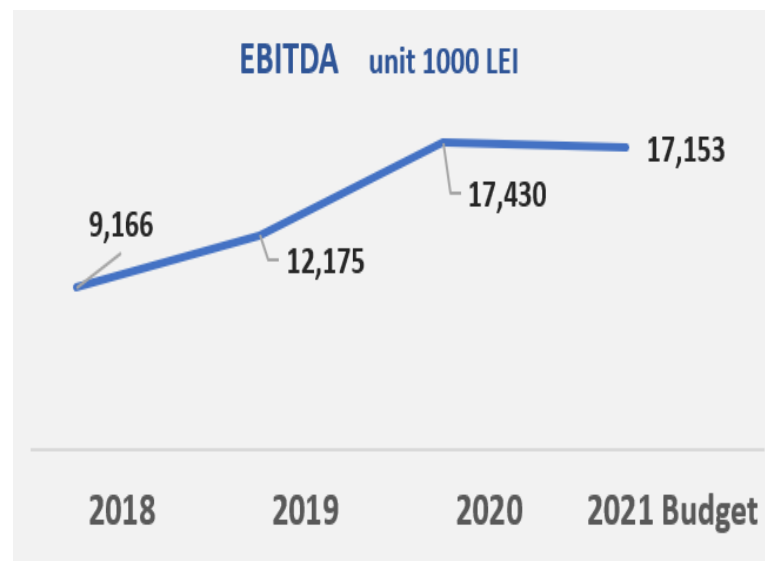
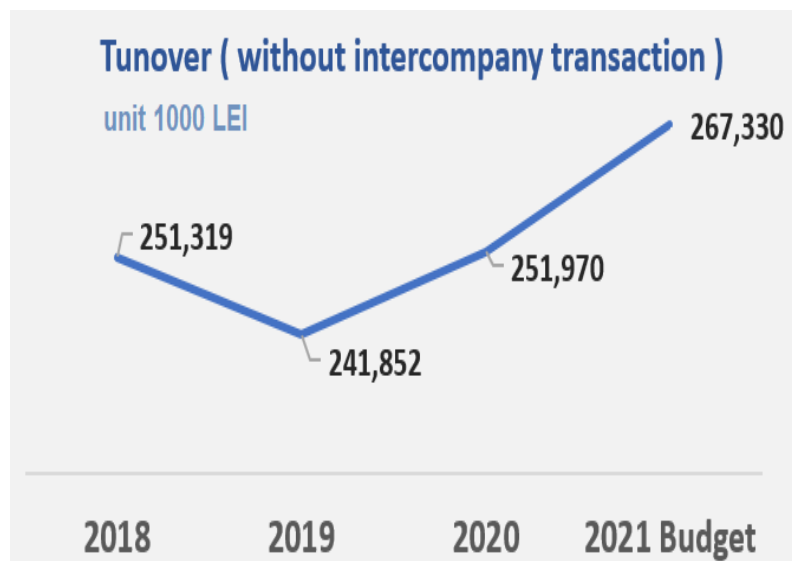
Non-Current assets	217,924	198,403	181,874	▼ (16,529)
Current assets	93,635	100,694	97,642	▼ (3,052)
Total Equity	142,568	139,561	139,711	▲ 150
Total Liabilities	168,993	159,536	139,805	▼ (19,731)
Debt ratio	54%	53%	50%	▼ 0
Current liquidity	98%	97%	104%	▲ 0

Total bank credit	89,834	83,915	70,715	▼ (13,200)
Working capital	52,593	60,411	57,575	▼ (2,836)
Investment loan	37,241	23,504	13,140	▼ (10,364)
Annual debt service	22,461	16,105	15,060	▼ (1,045)



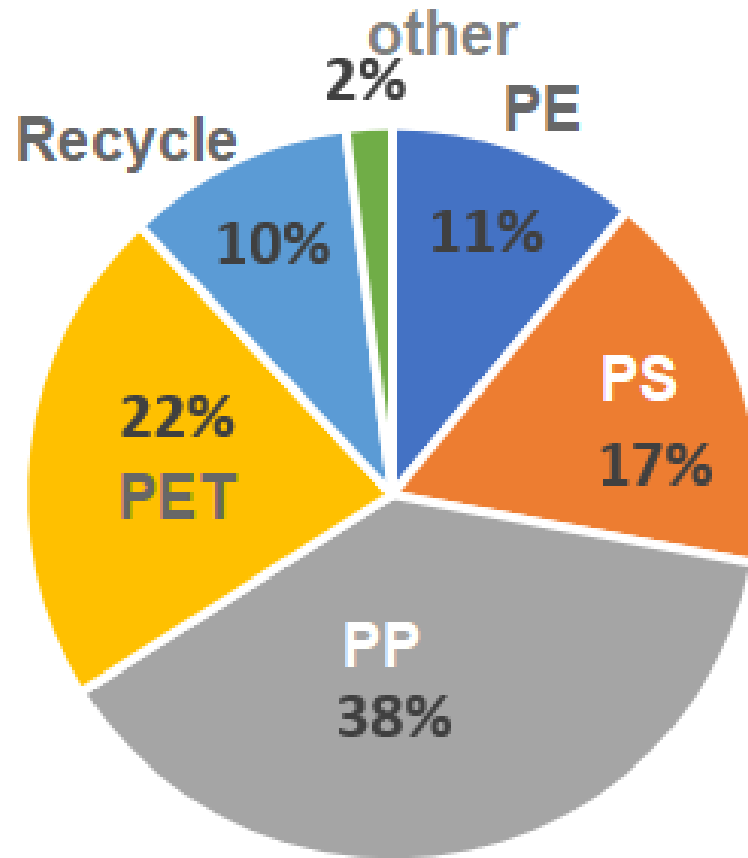
# Romcarbon & Livingjumbo – key financial figure

unit 1,000 LEI	2018	2019	2020	2021 Budget	2020 vs 2019		2021 vs 2020	
Turnover, out of which:	288,009	276,503	293,519	324,637	17,016	6%	31,119	11%
Intercompany sales	36,690	34,651	41,549	57,307	6,898	20%	15,758	38%
<b>Net turnover</b>	<b>251,319</b>	<b>241,852</b>	<b>251,970</b>	<b>267,330</b>	<b>10,118</b>	<b>4%</b>	<b>15,360</b>	<b>6%</b>
<b>EBITDA</b>	<b>9,166</b>	<b>12,175</b>	<b>17,430</b>	<b>17,153</b>	<b>5,255</b>	<b>43%</b>	<b>(277)</b>	<b>-2%</b>
<b>Net Profit</b>	<b>(2,087)</b>	<b>(2,784)</b>	<b>1,407</b>	<b>2,758</b>	<b>4,191</b>		<b>1,351</b>	<b>96%</b>

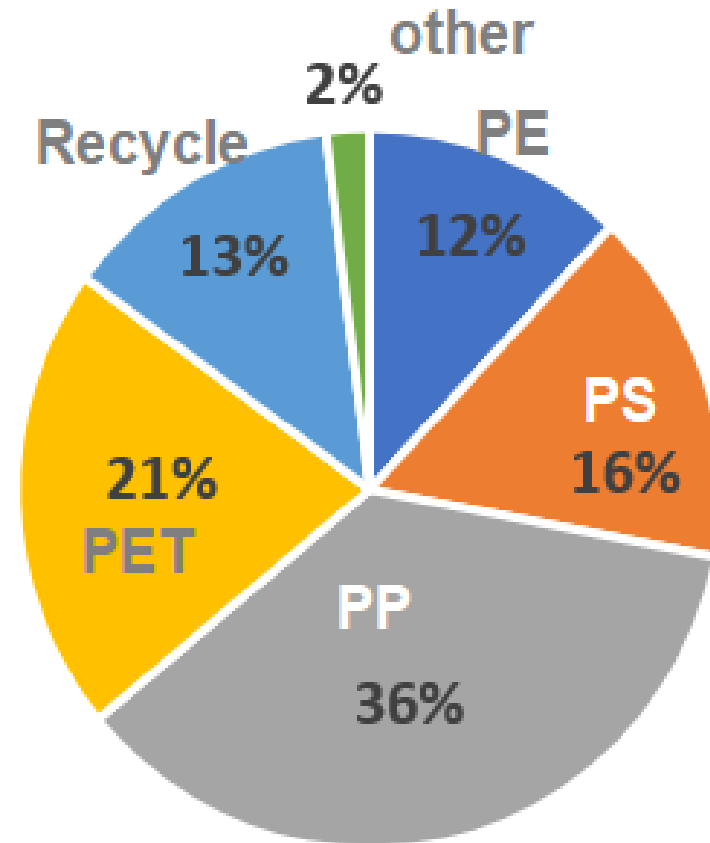


# Contribution of individual production activity

## 2020 Turnover



## 2021 Turnover





# EVOLUTION OF THE BUSINESS BY ACTIVITIES

PE - 000 LEI	2018	2019	2020	2021
Turnover	32,571	27,693	27,663	32,004
EBITDA	(720)	(9)	746	1,613
Profit before overhead	(1,617)	(910)	(126)	720

PET - 000 LEI	2018	2019	2020	2021
Turnover	28,203	37,365	53,062	53,425
EBITDA	(2,891)	375	4,073	4,128
Profit before overhead	(5,284)	(2,068)	1,607	1,608

PS - 000 LEI	2018	2019	2020	2021
Turnover	38,807	41,047	41,114	41,292
EBITDA before overhead	7,847	9,607	11,000	8,402
Profit before overhead	5,781	7,810	9,488	6,933

Plastic recycling - 000 LEI	2018	2019	2020	2021
Turnover	34,512	31,194	23,437	31,420
EBITDA	7,619	5,865	2,957	7,800
Profit before overhead	4,238	2,212	(757)	3,973

PP - 000 LEI	2018	2019	2020	2021
Turnover	97,268	90,155	92,376	93,392
EBITDA before overhead	6,971	6,254	9,740	8,136
Profit before overhead	5,788	4,628	8,558	7,024

Other - 000 LEI	2018	2019	2020	2021
Turnover	5,529	5,698	5,547	4,918
EBITDA	592	979	1,045	129
Profit before overhead	148	567	719	(194)

The increase of the profit in 2021 budget mainly depends on the improving of PE and Plastic recycling activities.

Both departments will focus on the products related to the circular economy.

PE sector will promote the biodegradable packing products.

Plastic recycling sector will benefit the recovery of the automotive industry and the high price of the virgin polymer.

PS and PP is facing the drastic price increase for polymer material and has difficulty to transfer the increase to the selling price immediately.

# INVESTMENT IN GREEN GROUP

<https://www.green-group-europe.com>



**GREEN TECH** – recycle post consumed PET bottle

**GREEN FIBER** – synthetic fiber made of recycled PET flake

**GREEN WEEE / GREEN LAMP** – recycle post consumed WEEE / lamp / battery

**GREEN GLASS** – recycle post consumed glass container

**GREEN RESOURCE** – OTR for packaging waste

**ELTEX** – waste management

2005 - Romcarbon initiated Green Group

2012 – Romcarbon sold part of its investment to EBRD and private Equity

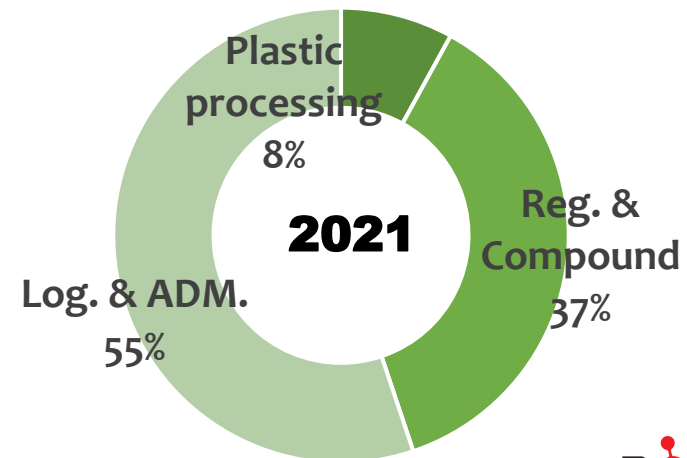
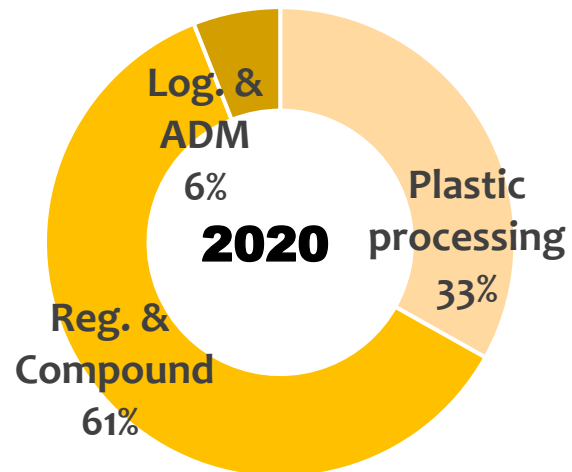
2016 – Abris acquired around 82% at price around 60million EUR ( according to public information )

Romcarbon still holds 17.59% of Green Group. Investment cost 4.6 million EUR

Deputy General Manager of Development, Mr. Dobrota Cristinel, is one of the founders of Greentech and contributed from the beginning to the development of Greentech and Greenfiber.

# INVESTMENT 2020 & 2021

Sector	2020	2021 plan
Plastic processing	162,494 €	100,000 €
Regenerated polymers & compounds	298,467 €	470,000 €
Logistics&Administrative	29,397 €	708,361 €
Total	490,357 €	1,278,361 €



# FUTURE STRATEGY

## Increase the weight of the circular economy related business in our portfolio

- Increasing by 25% of the capacity for plastic waste separation and extrusion of recycled plastic in order to extend our portfolio in:
  - Automotive Industry
  - Home appliances
  - Construction
- Extending the products with recycled content
- Bags for the waste collection
- Biodegradable bag for the organic waste, vegetables and fruits
- Biodegradable catering tray
- Studying the new business opportunity

## Redefine our strength and market position

- Develop non-EU markets for EPS catering trays
- Reorganize the production activity – PP bag
- Develop the trading activity





# Respect ESGs



Management  
System Quality



Environment



Health and Security  
of Work

## Environment and Climate change

- Environment Authorization covers all activities and renewed in 2021.
- No environment incidents/accidents and/fines from authorities in 2020.
- Recycle the plastic waste of **12,400** tons per year
- Produce the packaging products with recycled or biodegradables materials
- Apply the fund for Implementing of smart meter for monitoring the energy consumption
- Discuss with the photovoltaic power supplier to install the power plant with capacity of 1 MW
- The aspects connected to climate changes are part of PESTLE analysis of general context.

## Code of Ethics

- Respects human rights, non-discrimination, equality and privacy protection

## Social

- Create around **1,600** jobs for local community
- Assuring development, in all aspects connected with work, for the employees
- Consulting, informing and training for the employees
- Assuring organizational framework and means for employee's health and safety at work



## Questions related to business operation

1. What's the future plan for developing the business and increasing the profitability ?

Do we consider the new investment of higher technology and better margins?

We have reported in the section " future strategy ", hopefully we have answered investor's questions .

2. Whether it is intended to introduce in the manufacture of products with higher value ?

Base on existing portfolio, the management team keep developing the product with higher margin. For example, in PE and plastic recycle sector, we have developed the products with higher margin. If it's about the new investment that is not in our actual portfolio, we are analyzing the opportunity.

3. There is the trend for biodegradable packaging obtained from natural or compostable materials. Many companies makes the significant investment in this field, does Romcarbon consider it ?

We already started the production for the biodegradable packing with the existing facility to which we added small new investment in 2020. From the technical point of view, it's not a big challenge for Romcarbon to produce. We are aware that the biodegradable product is a big hit now in the market, but we are very cautious about how long this wave will continue. There are many new material appearing in the market these years, and the technology can be changed anytime. The industry also debate a lot whether “ biodegradable product “ is a sustainable solution in the long run. Being in the recycle business for so long, we strong believe the recycle is the right solution. Therefore, we will do more investment in the plastic recycle sector and be more cautious for the biodegradable product.



4. For plastic recycling and polymer compound segment, do you sell through the intermediaries and not directly to end customers ?

It could be a misunderstanding. In general, we sell directly to the end user. Only very small quantity that we sell to the foreign customers through the trading companies.

5. Livingjumbo achieved a significant improvement in 2020, after several years of losses caused by the investment in the PET and flexible packaging for food processing industry. What's the future prospect for Livingjumbo ? Do we have plan for the new investment ?

2020 we were working very hard to improve the productivity, expanding the market and finding the cheaper source of the raw material. We are happy to see our efforts brought the result. 2021 target is to increase the sale of the high margin product ( PET tray, tray with the absorbent pad ) and reduce the sale of the lower margin product ( PET rigid film ). In the end of 2020, we already invested in the machine to increase the capacity of the PET tray with absorbent pad. The future investment plan will be the thermoforming machine and the mould. For 2021, the main challenge is the drastic increase of the raw material cost, we are fighting to transfer the cost increase to the selling price. We are confident we will be able to achieve the same good result as 2020

6. What measures will be taken to optimize overhead?

"The diversity of activities involves various expenses related to safety, certification, infrastructure, environment, etc., which must be implemented and maintained, with afferent assumed cost. We reorganize the management structure so to decentralize some supporting department in order to monitor better the necessity of general overhead and optimize it accordingly. For each support activity we analyze and implement efficiency increase measures, both in terms of staff and cost generated. We have multiple monitoring, first at the level of the support departments, then at the level of the profit centers for which the support departments generate expenses. We use appropriate analysis tools to monitor deviations from previous periods and the budget .

## Q&A 7. What's 2020 financial result of Livingjumbo Industry ?

The net profit was around 538,000 LEI in 2020 , and was losses of around 3,154,000 LEI in 2019

## 8. What are the causes of the reduced operational profitability registered in the last years and what measures does the company consider for its improvement?

Year - KRON	2018	2019	2020
Profit (loss) from operating activities, out of which :	5,088	3,437	3,306
Other gains and losses ( include property sale )	3,725	(253)	(414)
Operational P/L without influence of other gains or losses	1,363	3,690	3,720

## 9. Are you interested in potential mergers and acquisitions to consolidate Romcarbon's business on the Romanian market or to expand on the markets in the region?

We don't exclude the possibility of expansion via M&A, if it's case we are more interested in the business related to the circular economy. But at this moment, we already have some investment plans for expanding our production activity.

## 10. Please explain the investment in Ukraine. and its impact to Romcarbon's consolidated financial result. Do we have plan to expand the business in Ukraine, which is a big market.

The investment was made in the period 2007-2009, with a value of approximately 2.7 million LEI and consisted in the acquisition of production halls, including the right of preemption on the land of the entire platform. Unfortunately, the local business was not prepared for our plan and we had to stop any further investment. Later, we also found out about the legal problems generated by the ownership of a third party on property right over some plots of land located in strategic areas of the platform, which makes it difficult to sell this asset. In 2016, Romcarbon already recorded a provision for the depreciation of the entire financial investment in this subsidiary. The new management team has no intention of resuming work in Ukraine due to the unstable political and business environment. We are currently looking for a solution to close this subsidiary. In terms of the market, we are constantly looking for customers for our products, but of course we are very attentive to customer credibility and payment terms.





## Questions related to ROCE share

11. ROCE share market price is very much under evaluated. How to increase its market value ? Does compay consider to improve the communication with the market and the public relation ?

Yes, the management team is taking the measures to improve its visibility in the stock market.

In 2020, we start the market making program in order to increase the liquidity of ROCE share

Today, we have first ever online conference with the investors and whoever are interested to understand better Romcarbon. We intend to do it every 6 months.

We also renew Romcarbon logo and the launch the new website in order to present a more open and dinamic image

We plan to Join ARIR - association for developing the investors relations

We will analyze the option of working with the professional PR consultant to improve our communication with the market

12.Does company consider to distribute the dividend ? Share buy back ? Distribute the share dividend by capital increase ?

The management team suggest to distribute 0.01LEI per share as cash dividend in Jun. 2021. The total dividend is around 2.64 million LEI

Depend on the financial result of the first 6 months of 2021, we are open to suggest 2nd dividend payment in 2021

About the share buy back program, we will analyze together with the possibility of 2nd dividend payment.

If there will be the share buy back program, we may consider to offer part of the share to the management team as motivation

At this moment, we don't consider to give the share as the dividend via capital increase or share buy back



## Questions related to GREEN GROUP

### 13. What's the impact of Green Group in Romcarbon's consolidated financial result

We presented the impact of the Green Group result on the consolidated result of Romcarbon in the period 2018 ~ 2020 on page 10. For 2020, the Green Group result had a negative influence of approximately 2.5 million LEI on the consolidated result of Romcarbon.

### 14. What's Green Group's development plan ?

In addition to expanding its existing business, Green Group is also interested in expanding through mergers and acquisitions to integrate mature businesses in the circular economy into its group.

### 15. What's the future plan for Romcarbon's share in Green Group ?

In the agreement between Romcarbon and Abris, there is a drag-along clause that obliges Romcarbon to sell its stake in the exit of the Green Group shareholding of the Abris investment fund, if the buyer so requests. On the other hand, Romcarbon also has a tag-along through which Romcarbon can ask the new buyer to buy and own what Romcarbon has in the Green Group, even if the buyer did not request it.

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