

9 Months 2021 results teleconference



SPEAKERS



**LEON
HUANG**

CHAIRMAN OF THE BOARD
AND GENERAL MANAGER



**CARMEN
MANAILA**

DEPUTY GENERAL
MANAGER FOR
ADMINISTRATIVE
OPERATIONS



**CRISTINEL
DOBROTA**

DEPUTY GENERAL MANAGER
FOR DEVELOPMENT



**ION
UNGUREANU**

PET & EPS DIVISION
MANAGER



**VIORICA
ZĂINESCU**

FINANCIAL MANAGER



**VICTOR
CRETU**

PP SMALL & BIG BAGS
MANAGER

AGENDA



1. Romcarbon Group & activities
2. Key figure of consolidated financial statement
3. Contribution of individual profit center
4. Evolution of the business by profit center
5. Financial result of Green Group
6. Activity review and revitalization plan – PET sector
7. Activity review and revitalization plan – PE sector
8. Business prospective for plastic recycle
9. Investment
10. Q&A
11. Legal disclaimer

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



PE packaging (little bags, bags, pouches by extrusion, printing, welding), general purpose film, foil for greenhouse, thermo foil
 PLA vegetable & fruit bag for the supermarket
 Yellow bag for separation collection



Expanded **PS** tray for food industry
 EPS floor underlayment for construction ,
 home improvement
 Biodegradable catering tray



Filter for different application
 Protection mask , active carbon
 PVC base for road sign; PP packaging strap

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



Plastic recycle and compound
 plastic regranulate made of PP / PE / PS / ABS post industry or consume plastic waste
 Custom made plastic compound

PET tray rigid film and tray for food packaging application
 9 layers coextruded multilayer film for top sealing / thermoforming / lamination and other



9 months key financial figure – 2021 vs 2020

ROMCARBON Standalone Financial Statements

SALES

Increased + 63,667,318 lei (+46%)

EBITDA Operational

increased + 2,112,785 lei (+20%)

NET PROFIT

increased + 2,748,575 lei (+143%)

GROUP Consolidated Financial Statements

SALES

increased + 53,577,166 lei (+28%)

EBITDA Operational

decreased -1,365,298 lei (-9%)

NET PROFIT (without Green-Group)

decreased -2,818,844 lei (-25%)

NET PROFIT (include Green-Group)

increased +3,144,789 lei (+ 124%)



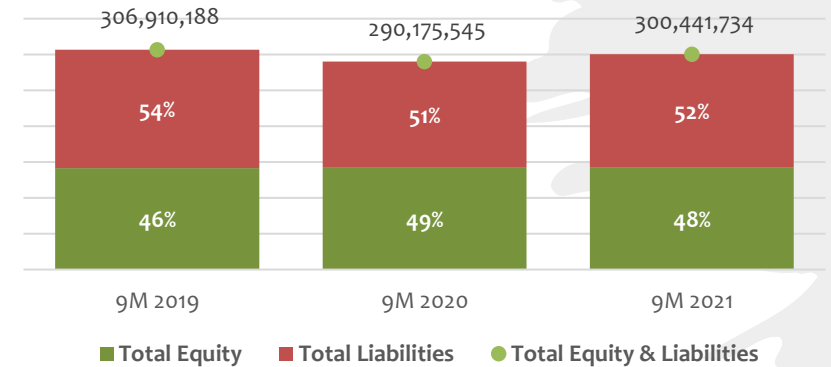
Consolidated financial statement – key figure

Item (lei)	9M 2019	9M 2020	9M 2021	2021 vs 2020
Revenue (Sales)	187,560,270	193,429,377	247,006,543	▲ 53,577,166
Other income	4,121,692	3,648,287	3,976,152	▲ 327,865
Share of profit / loss of associates	1,432,866	(1,244,003)	2,857,339	▲ 4,101,341
EBITDA	11,729,622	13,002,355	16,019,992	▲ 3,017,638
EBITDA Operational	9,279,549	15,468,410	14,103,112	▼ (1,365,298)
Net profit	565,060	2,531,394	5,676,182	▲ 3,144,789
Net profit without the impact of Share of profit / loss of associates [Green-Group]	(867,806)	3,775,396	2,818,844	▼ (956,552)

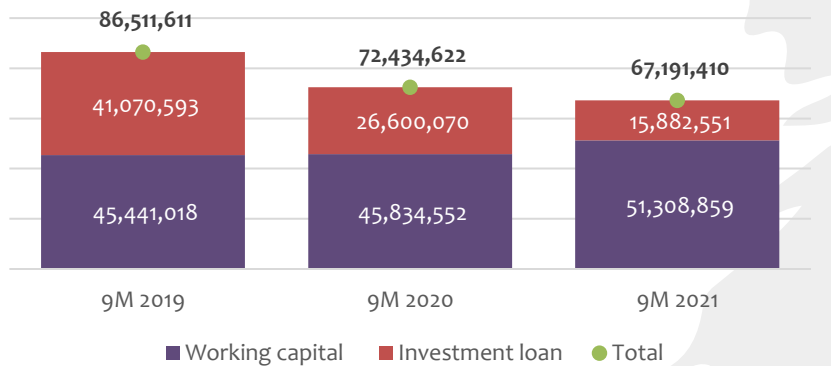
Non-Current assets	210,209,053	187,149,148	173,961,193	▼ (13,187,955)
Current assets	96,701,134	103,026,397	126,480,541	▲ 23,454,144
Total Equity	141,717,247	142,017,125	142,784,720	▲ 767,595
Total Liabilities	165,192,941	148,158,421	157,657,014	▲ 9,498,593
Debt ratio	54%	51%	52%	▲ 0
Current liquidity	94%	100%	105%	▲ 0

Total bank credit	86,511,611	72,434,622	67,191,410	▼ (5,243,212)
Working capital	45,441,018	45,834,552	51,308,859	▲ 5,474,307
Investment loan	41,070,593	26,600,070	15,882,551	▼ (10,717,519)
Debt service	10,822,419	10,308,500	9,285,502	▼ (1,022,998)

EQUITY VS LIABILITIES



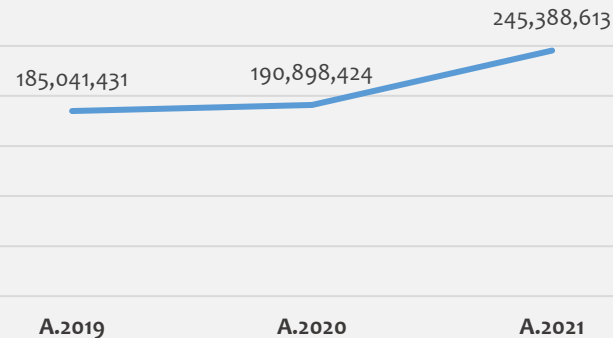
BANK CREDITS (LEI)



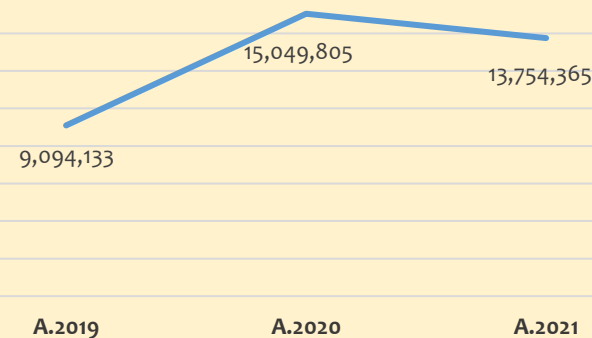
Romcarbon & Livingjumbo – key financial figure

Indicator	A.2019	A.2020	A.2021	A.2021 vs A.2020	
Turnover, Total, out of which:	211,171,681	223,329,647	299,336,734	76,007,087	34%
Intercompany sales	26,130,250	32,431,223	53,948,121	21,516,898	66%
Net Turnover	185,041,431	190,898,424	245,388,613	54,490,189	29%
EBITDA Operational	9,094,133	15,049,805	13,754,365	-1,295,440	-9%
Net profit	-1,357,221	3,200,695	2,624,194	-576,501	-18%

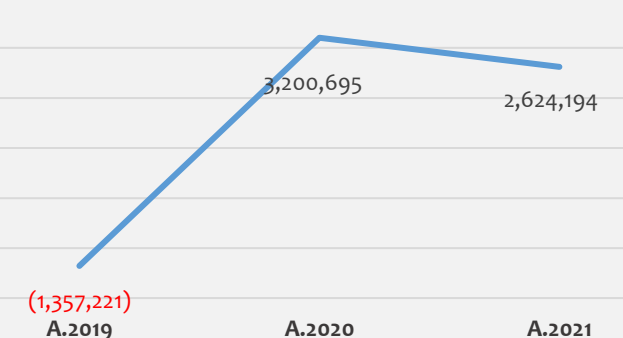
Net Turnover



EBITDA Operational



Net profit



EVOLUTION OF THE BUSINESS BY ACTIVITIES

PE - LEI [9 MONTHS]	A.2019	A.2020	A.2021	A.2021 vs A.2020
SALES	21,124,531	21,612,756	26,747,290	5,134,535 24%
EBITDA BEFORE OVERHEAD	-57,337	1,035,308	-372,006	-1,407,314 -136%
NET PROFIT BEFORE OVERHEAD	-733,799	370,233	-964,818	-1,335,051 -361%

PET - LEI [9 MONTHS]	A.2019	A.2020	A.2021	A.2021 vs A.2020
SALES	25,837,655	38,366,286	43,510,577	5,144,291 13%
EBITDA BEFORE OVERHEAD	-316,752	3,297,194	975,060	-2,322,134 -70%
NET PROFIT BEFORE OVERHEAD	-2,147,170	1,444,978	-915,655	-2,360,633 -163%

PS - LEI [9 MONTHS]	A.2019	A.2020	A.2021	A.2021 vs A.2020
SALES	31,040,533	30,776,225	40,803,243	10,027,018 33%
EBITDA BEFORE OVERHEAD	7,289,101	8,393,519	8,463,720	70,200 1%
NET PROFIT BEFORE OVERHEAD	5,935,513	7,234,516	7,401,730	167,215 2%

RECYCLING- LEI [9 MONTHS]	A.2019	A.2020	A.2021	A.2021 vs A.2020
SALES	24,718,973	17,287,767	29,696,954	12,409,187 72%
EBITDA BEFORE OVERHEAD	4,737,566	2,308,059	4,547,805	2,239,746 97%
NET PROFIT BEFORE OVERHEAD	2,002,242	-467,892	1,661,828	2,129,719 -455%

PP - LEI [9 MONTHS]	A.2019	A.2020	A.2021	A.2021 vs A.2020
SALES	69,768,691	72,494,594	85,313,339	12,818,745 18%
EBITDA BEFORE OVERHEAD	4,819,072	8,083,548	7,654,277	-429,271 -5%
NET PROFIT BEFORE OVERHEAD	3,573,666	7,165,672	6,860,884	-304,788 -4%

OTHERS- LEI [9 MONTHS]	A.2019	A.2020	A.2021	A.2021 vs A.2020
SALES	4,337,482	4,208,537	4,448,167	239,630 6%
EBITDA BEFORE OVERHEAD	737,419	870,616	569,213	-301,403 -35%
NET PROFIT BEFORE OVERHEAD	429,646	624,974	328,434	-296,540 -47%

Business focus – PET tray and flexible film

Challenges

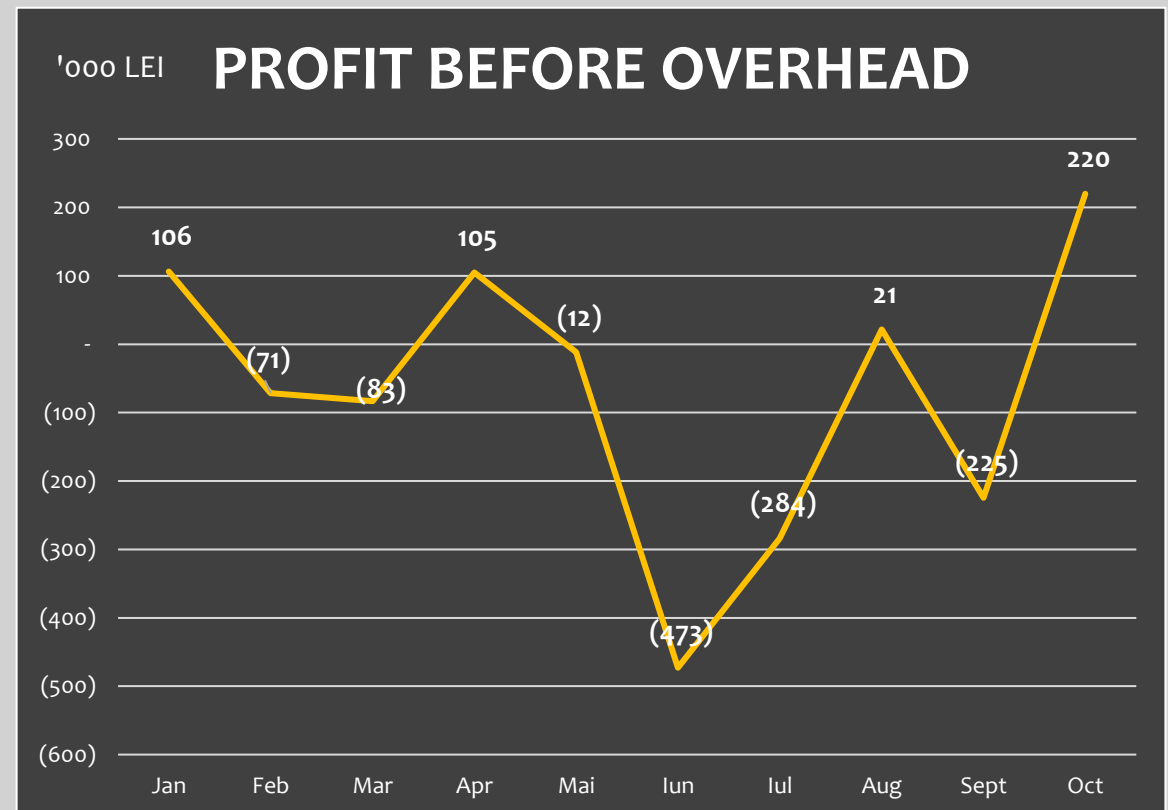
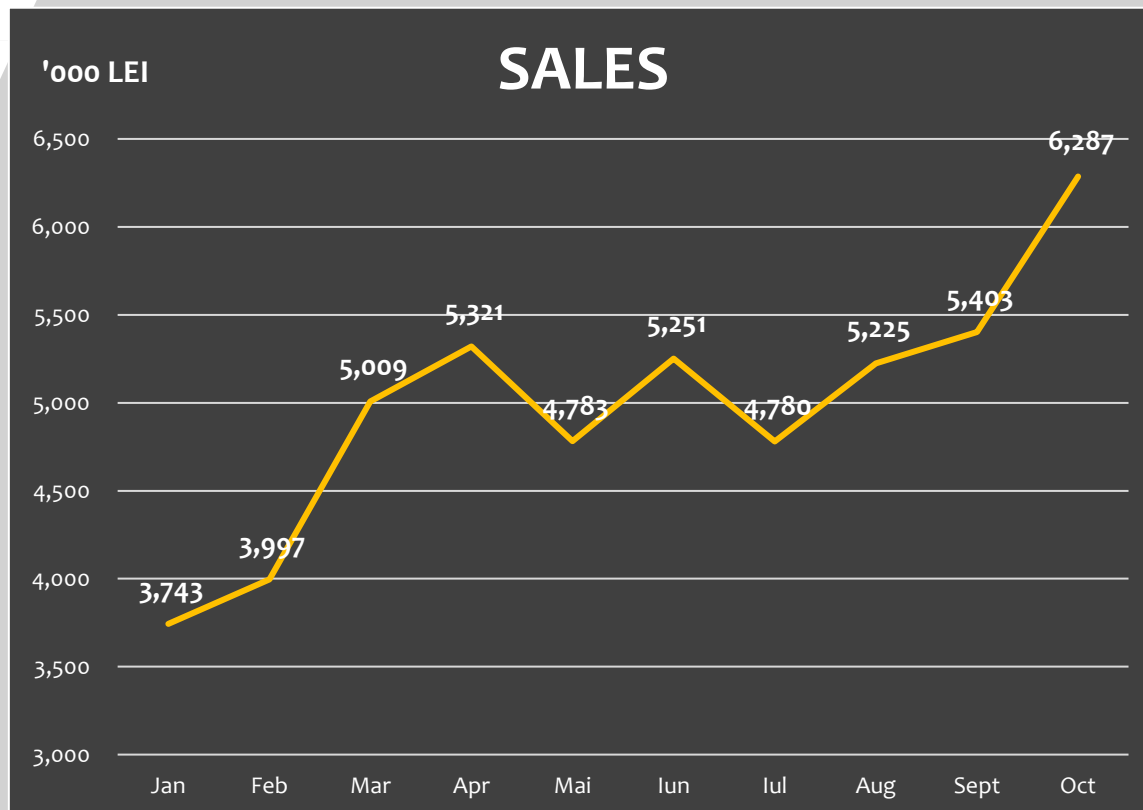
- Big increase in the raw material price
- Availability issue for the material
- High logistic cost for importing PET flake from Asia. Difficult to arrange the shipment
- Market switch from PET to PP due to post consume recyclability issue
- Unlawful competition – products made of cheaper Iranian material, banned on the EU market due to the economic blockade.
- Aftermath of pandemic

Actions

- Secure of the material in term of the price and availability by expanding sourcing and extra financing.
- R&D for the new recipe in order to adopt cheaper material to reduce the cost.
- Develop the new product for other application to fill up the gap lost to PP
- Explore the new market.
- New project with the strategic partner aiming to solve the recyclability issue

Business focus – PET tray and flexible film

Result after actions



Business focus – PE processing

Challenges

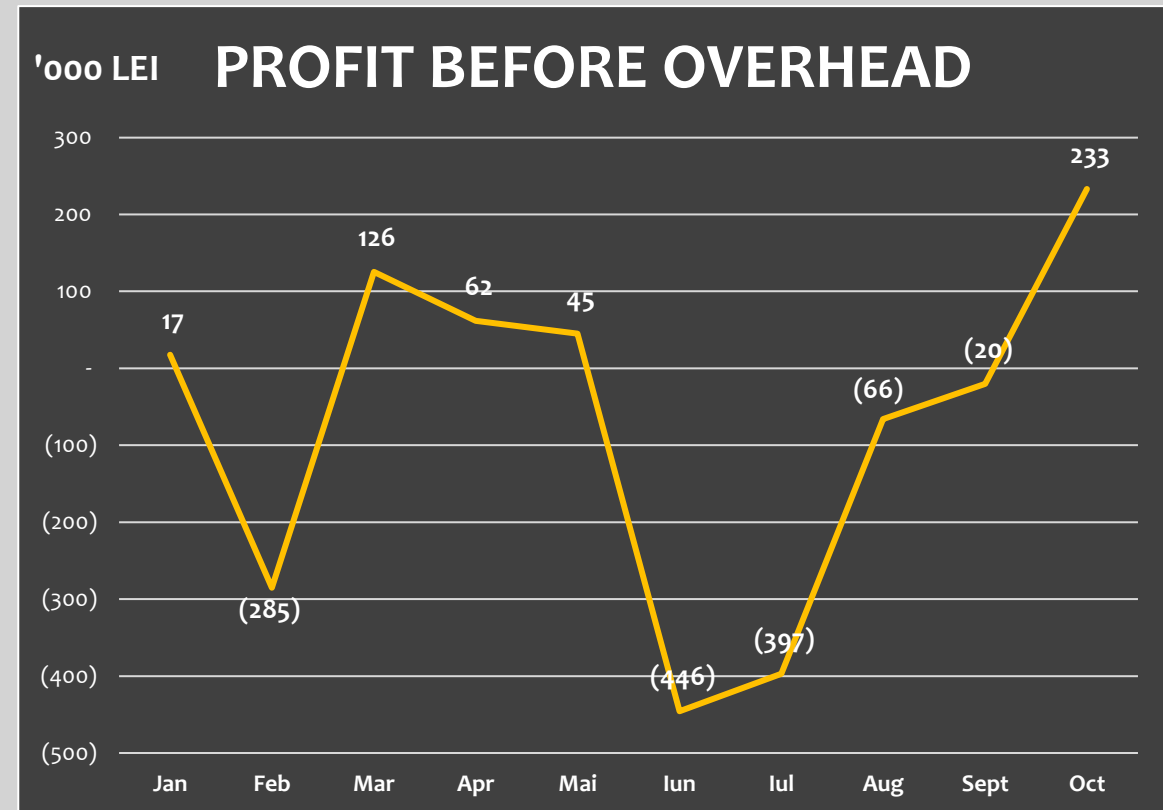
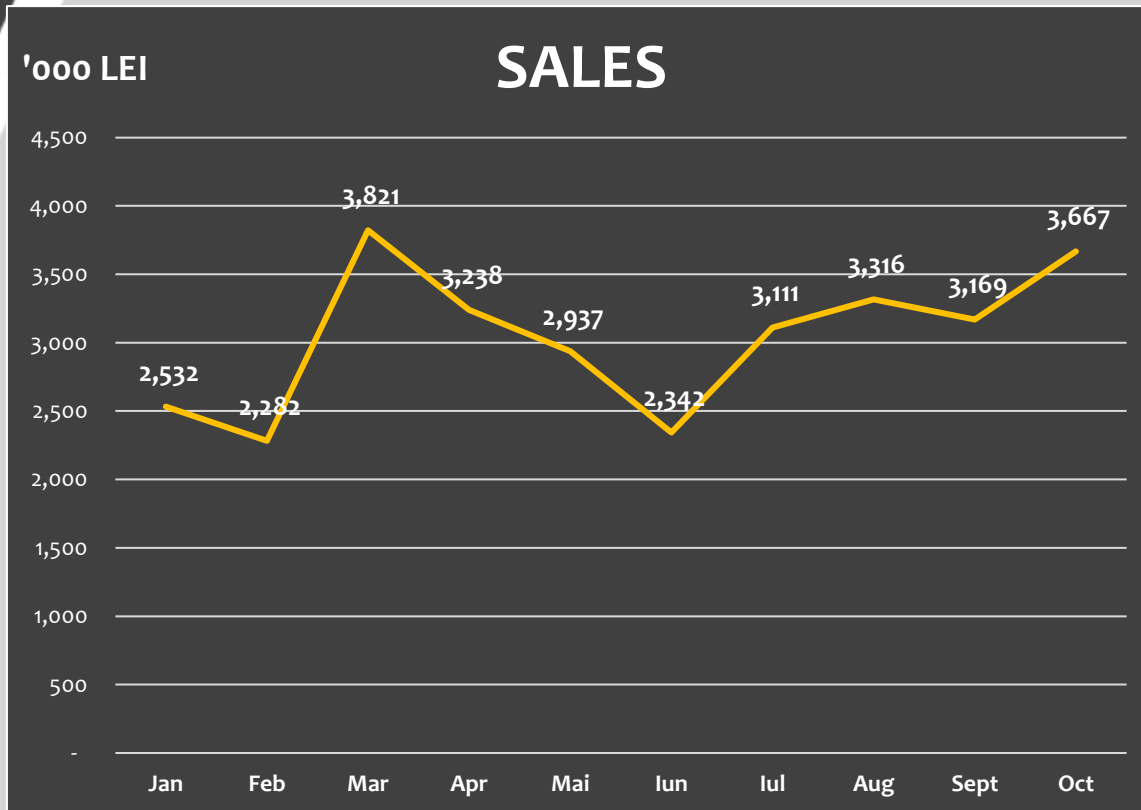
- Shortage of qualified manpower.
- Too many variety of the products that leads to low efficiency in production.
- Frequent change in the production process costs more wastage.

Actions

- Restructure the production team to increase efficiency.
- Adjust the portfolio of the product. Focus on items that can bring better profit.
- Investment for increase the capacity for biodegradable bag.

Business focus – PE processing

Result after actions



Business focus – Plastic recycle

Prospective

- Drastic increase for the virgin material price leads to strong demand for recycled material.
- Sustainability issue urges the recycle activity as the solution.
- Big international corporates start to see using recycled material in their products as a must.

Challenges

- Limited source for the plastic waste due to lower collection during pandemic.
- Need to invest the newer technology for better sorting.
- Limited capacity for pelletizing.

Achievement

- 8 materials approved by producers from automotive industry.
- 1 material approved by a big home depot retailer.
- Participate in a project for a supermarkets chain.



**For 2021 Jan. – Sep. ,
Green Group posted a
profit of 3 million EURO
around.**

**WEEE business being very
successful due to inflation of the
raw material (ferro and non
ferro metal)**

**Fiber business also gradually
recover from 2020 downturn**

**However, the PET business is
very much affected by the
pandemic. The shortage of post
consumed PET bottle is very
critical due to the low
consumption and collection.**

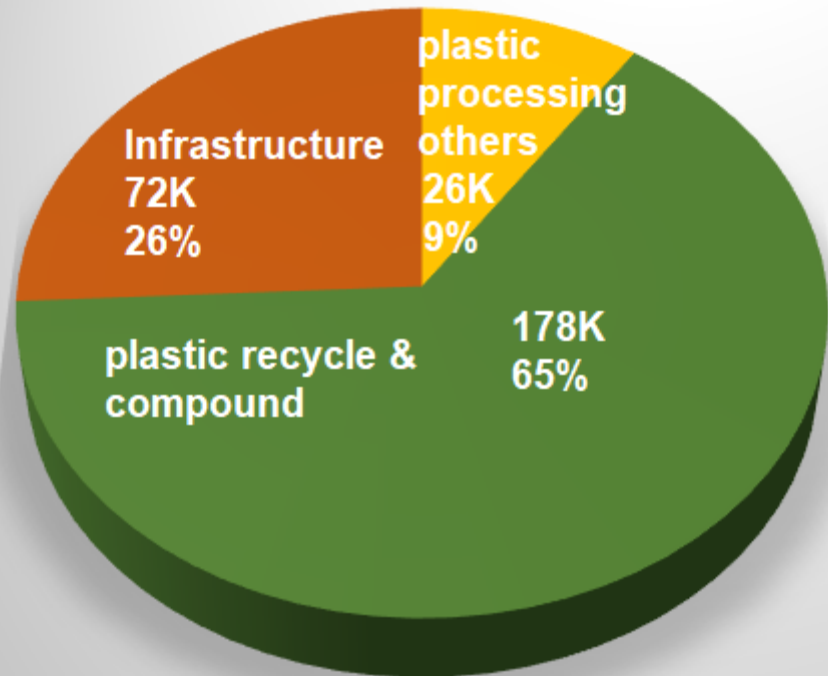
**With an installed recycling capacity of 360.000 to/ year, all
recyclable waste is integrated into closed loop, reducing annually
100,000 tons of CO2 emission.**

Romcarbon is the shareholder in Green Group, holding 17.59%

Investment

For 2021- 9 months

Total around 276K EUR



Future investments will be focused on

Increase the capacity for the production

Plastic recycle for sorting and pelletizing

PE processing for Biodegradable bag making

Adjusting / completion the portfolio of the product

PET processing - the new molds for food package

Improving the efficient for the existing machine

Extension of storage spaces

in order to provide more flexibility to tackle the challenge of logistic issue for trading goods and raw material acquisition

Address the sustainability and environmental issue

Smart meter to monitor the energy consumption

Photovoltaic panel for green energy

Infrastructure related to LIDL project



Q : What oportunities can PNRR brings to Romcarbon Group ?

A : We are focusing on the program for plastic recycling and green energy.

Q : Livingjumbo has very poor result in 9M 2021, how can these be improved? When do you think the break even can be reached ?

A : The poor results are mainly due to the evolution of PET sector, and we have explained earlier what were the reasons for this and the actions we took in order to improve the results in the next period.

Q : Did you considered to sell Livingjumbo business due to the big losses ?

A : The food packages are an essential product for our daily life and we believe, from the business point of view, the food package market still has a big potential. We improved the result significantly in 2020 for this activity. And we believe we will turn the business around in 2022 after we implement the new strategy, as we explained earlier.

Q : What's the management team's vision for the next 5-10 years ?

A : We would like to focus more on increasing the plastic recycle business, and, in the meanwhile, to introduce more recycled material in our plastic processing products. As a first step we intend to increase the recycling production capacity with 20% after the new investments we intend to make next year and in the following years we will continue on this path.

Q : What actions are you taking for the opportunity related to biodegradable bag ?

A: We launched this business in 2019, and we will continue to increase the production capacity in 2022.



Q : What's the plan for the dividend distribution and share buy back programme?

A : This year due to the crisis for the raw material in term of price and

availability, we reserve most of the cash-flow to tackle this issue. Depending on the final financial results of 2021, we will analysis the possibility and the amount of the dividend that we would be able to distribute in 2022. For share buy back programme, we are open to this option as we mentioned in the last meeting, but it must be subjected to our financial capability.

Q : What's the estimation for the result till end of 2021 ?

A: We expect to have better performance for PE and PET sectors compare with 9 months result. But on the other hand we are cautious with the impact from government's measurement in regard of COVID green certificate. Some of our products are mainly addressed to the home depot stores, which have significantly reduced their order because the consumer who doesn't have green certificate can no longer visit the stores.

Q : ROCE share value doesn't reflect the actual value of it's investment in Green Group ?

A: Yes, at this moment it is difficult and expensive to register in Romcarbon accounting this investment at market value. However, we do mention that in the Consolidated financial statements of Romcarbon, we register each reporting period a part of the Green-Group profit / loss according to the holding we have in its capital. The management team will use all the opportunities it has to inform the market about the real value of these investments.



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