

9 months financial result & development strategy

Agenda

- Romcarbon Group & activities
- Key figure of consolidated financial statement
- Evolution of the business by profit center & Contribution of individual profit center
- Business focus – PS & PP small woven bag processing
- Financial result of Green Group
- ESG
- Q&A

Speakers for today meeting



Leon Huang
General manager



Carmen Manaila
Deputy of
General manager



Victor Cretu
Manager for PP
sector



Ion Ungureanu
Manager for PS
& PET sector



Viorica Zainescu
Financial manager

Romcarbon Group & activities



Plastic processing : PE / PS / PP / PVC

Recycled polymers and compounds

Filter and Active carbon

788
employees



Plastic processing : PP / PET / PE

594
employees

**Major
Investment**



Circular economy

1,829
employees



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



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



Extruded **PS** tray for food industry
 XPS floor underlayment for construction, home improvement
 Biodegradable catering tray



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



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

9 months key financial figure 2022 VS 2021



SALES '000 ron	2022	2022 vs 2021	
ROMCARBON	201,269	-140	0%
LIVINGJUMBO INDUSTRY	125,478	29,193	30%
ROMCARBON GROUP	283,320	36,314	15%



EBITDA OPERATIONAL '000 ron	2022	2022 vs 2021	
ROMCARBON	13,579	1,041	8%
LIVINGJUMBO INDUSTRY	6,229	5,013	412%
ROMCARBON GROUP	20,838	6,735	48%



PROFIT FROM OPERATIONS '000 ron	2022	2022 vs 2021	
ROMCARBON	7,982	1,202	18%
LIVINGJUMBO INDUSTRY	3,839	5,043	n/a
ROMCARBON GROUP	12,934	7,058	120%



NET PROFIT '000 ron	2022	2022 vs 2021	
ROMCARBON	6,059	1,390	30%
LIVINGJUMBO INDUSTRY	2,813	4,858	n/a
ROMCARBON GROUP	13,407	7,731	136%

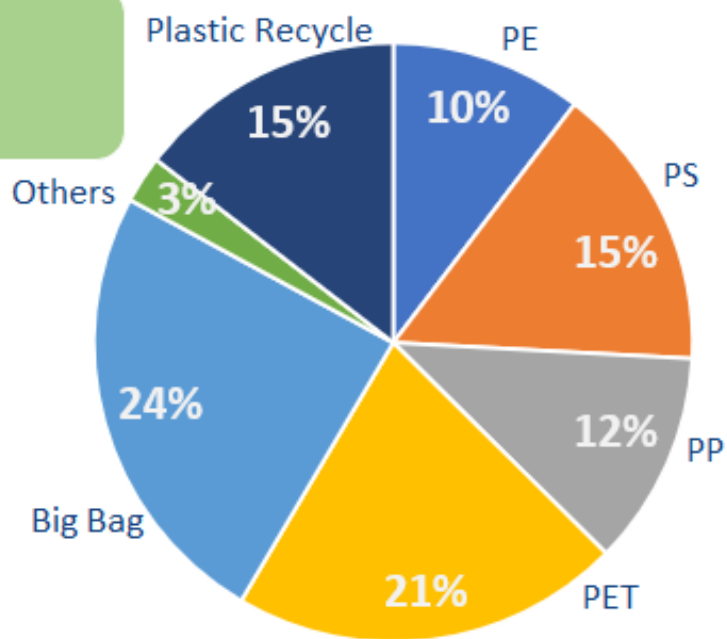
Consolidated financial statement key figure 000 LEI		9M 2020	9M 2021	9M 2022	2022 vs 2021
Income statement	Revenue	193,429	247,007	283,320	36,314
	Other income	3,648	3,976	8,750	4,774
	Share of P/L of associates	-1,244	2,857	3,825	968
	EBITDA	13,002	16,020	24,519	8,499
	EBITDA operational	15,468	14,103	20,838	6,735
	Profit from operations	7,057	5,875	12,934	7,058
	Net profit	2,531	5,676	13,407	7,731
	Net profit without Green Group	3,775	2,819	9,582	6,763
Balance sheet	Non-current assets	187,149	173,961	165,632	-8,329
	Current assets	103,026	126,481	150,051	23,571
	Total assets	290,176	300,442	315,683	15,241
	Total Equity	142,017	142,785	149,715	6,930
	Total liabilities	148,158	157,657	165,968	8,311
	Debt ratio	51%	52%	53%	
	Current liquidity ratio	100%	105%	109%	
Bank credit	Overdraft and short term loan	45,835	51,309	69,571	18,263
	Investment loan	26,600	15,883	11,559	-4,324
	Total bank credit	72,435	67,191	81,130	13,939
	Bank debt service	10,309	9,286	8,191	-1,094

EVOLUTION OF THE BUSINESS BY ACTIVITIES

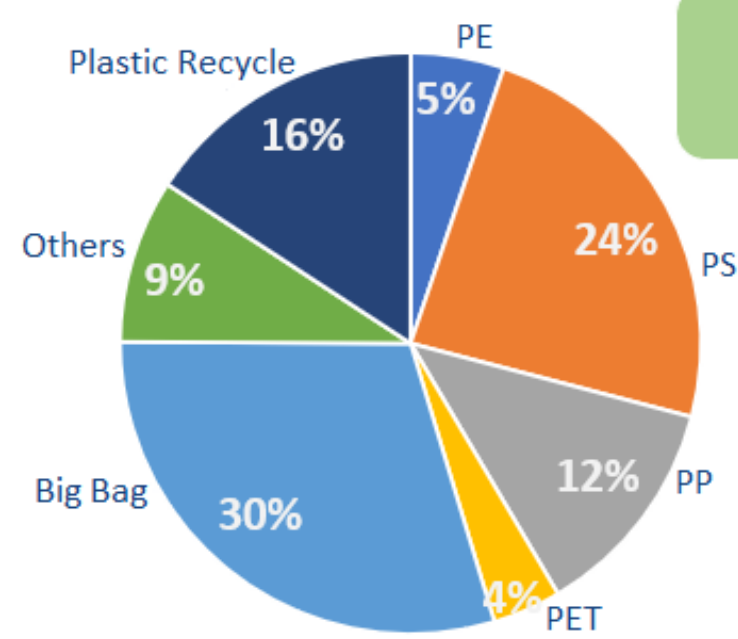
Activity	key figure - 000 LEI	9M 2020	9M 2021	9M 2022	22 vs. 21
PE bag, film and bio degradable bag	Turnover	21,613	26,747	28,578	1,831
	EBITDA before overhead	1,035	-372	1,671	2,043
	Profit before overhead	370	-965	1,115	2,080
PS food package and underlay	Turnover	30,776	40,803	42,713	1,910
	EBITDA before overhead	8,394	8,464	6,069	-2,395
	Profit before overhead	7,235	7,402	5,120	-2,281
PP small woven bag	Turnover	26,552	32,539	31,889	-650
	EBITDA before overhead	3,696	4,322	2,912	-1,411
	Profit before overhead	3,460	4,079	2,672	-1,407
Plastic recycle and plastic compound	Turnover	17,288	29,697	40,119	10,422
	EBITDA before overhead	2,308	4,548	6,321	1,774
	Profit before overhead	-468	1,662	3,386	1,724
PET food package and flexible film	Turnover	38,366	43,511	58,123	14,612
	EBITDA before overhead	3,297	975	2,777	1,801
	Profit before overhead	1,445	-916	818	1,734

Activity	key figure - 000 LEI	9M 2020	9M 2021	9M 2022	22 vs. 21
PP jumbo bag FIBC	Turnover	45,942	52,775	67,355	14,581
	EBITDA before overhead	4,381	3,332	6,918	3,586
	Profit before overhead	3,705	2,782	6,380	3,598
Filter, gas mask and others	Turnover	4,209	4,448	7,038	2,590
	EBITDA before overhead	871	569	2,191	1,621
	Profit before overhead	625	328	1,958	1,630

Turnover contribution



Profit contribution



Business Focus – XPS tray



Ban on expanded PS catering tray – following EU directive, Romania impose the legislation to ban the sale of this product since Oct. 2022

The impact is a decrease of around 2 M LEI in term of net profit compare with 2021 for 9 months.



As short-term solution – we explore the export market where still using extruded PS tray. Also, we succeed to increase the sale of standard tray that is not restricted by this legislation.



As long-term solution – we would like to replace the catering tray with construction material.

The move meant the development of an existing product range that does not risk coming under EU law in the long term, namely the laminated XPS boards. The total investment is around 1M EUR, which include the new machine and expansion of the factory building. The production line shall be ready to produce by mid. 2023.



Laminated XPS Boards - layer that adds an additional vapor barrier and ensures quick and safe installation through adhesive tapes

Business Focus – PP small bag

Lower demand on the markets , both on domestic market and for export:



- food industry : milling and baking;
- agriculture : the harvest was seriously affected because of drought;
- animal nutrition : unfavorable temperatures for chicken farm, swine fever, low demand for the meat product
- other industries : reduced or closed production capacities
- retailing : low demand from bricolage sector : , because of reduction of purchasing power of population

Old machine has less competitiveness in term of electricity consumption.



Opportunities:

- The demand in salt extraction industry (effect of war in Ukraine)
- Orders for Ukraine, limited for the moment, but with potential of growing.



The future strategy :

Modernize the production facility in order to reduce the energy consumption and labor cost

Adopt the new technology to increase the use of the recycle material

Focus on producing personalized bags, replace standardize products with import from more competitive source

For 9 M 2022, Green Group posted a profit of 4,87 million EURO

Business evolution

million EURO	Plastic	WEEE	Glass	Other	Total	Net debt
EBITDA - 2021	3.0	9.1	1.3	3.3	16.65	49.7
EBITDA - LTM Jun 2022	2.0	9.1	1.5	2.9	15.50	71.7
EBITDA - 2022 H1	2.4	4.9	0.9	2.2	10.37	71.7
EBITDA - 2022 9M	3.0	6.7	1.4	3.7	14.75	75.1



The main profit driver for Green Group is the WEEE business, which benefit very much the raw material bull market since end of 2020. The weight of WEEE is about 45% ~ 50% of Green Group in term of profitability.



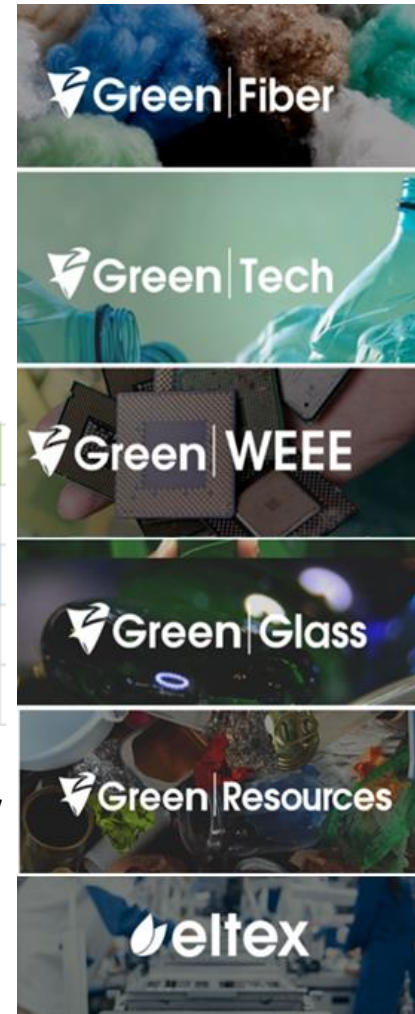
The future challenge mainly from :

Fiber sector – closing one production facility due to the decrease of the business.

PET flake sector – cost increase for raw material (post consumed PET bottle).

WEEE sector – whether the bull market for the metal material remains strong ?

Very high financial net debt – the financing cost will increase follow the interest rate hike



ESG



EuCertPlast



ESG STRATEGY

- Our first Sustainability Report, published in June 2022, includes the strategy in domain for 2022-2030

GOVERNANCE

- Updating, revision of Policies of: Quality and Environment, Human Resources, Human Rights, Anti-Corruption, Diversity and Inclusion, Anti-Retaliation
- Revision and action for Supplier's adherence to the principles and rules of the Code of Ethics and Conduct

TRANSITION TO THE CIRCULAR ECONOMY AND RESOURCES SAVING, figures of 9 months of 2022

- **9,000 tons of plastic wastes** taken from market for recycling
- **15% increase of recycled materials proportion in total used raw materials for production** in plastic processing (compared to 9 months of 2021)
- **5.15% reduction of technological wastages** proportion reported to production unit (compared to 9 months of 2021)
- Installed smart meter system for online monitoring the energy consumption
- **Reduction of energy consumption** compared to 9 months of 2021: **9.34% in Polyethylene sector, 3.7% in Polypropylene sector, 33% in Active Carbon sector**
- The pilot photovoltaic panels system produced **61 MWh**, saving equivalent of **9 tons of CO2**
- **Reduction 8.3% of water consumption** reported to production unit, compared to 9 months of 2021

SOCIAL

- Over 1400 employees in group
- 28,526 hours of external qualification instruction for group employees
- Involvement and sponsorship in Education / Sport / Health / Environment protection / Disadvantaged person / Economic environment improvement
- **The most recent: “Scoala mea in Buzaul Circular”, interschool contest of projects regarding the circular economy and solutions for a sustainable future, addressed to middle and high school students.**

Romcarbon obtains 3rd position with its 2021 Sustainability Report in the evaluation organized by ARIR



Q : Please explain what's the base of the calculation for the market value of Romcarbon's investment in Green Group ? Why do we decide to exit at this moment ?

A : *The key elements to establish the price is EBITDA of LTM Jun. 2022 and net debt. As the reference, the common practice for establishing the enterprise value is (EBITDA multiple – net debt), and this is also one of our criteria during the negotiation process, while making our best to capture the future prospective of this investment.*

The reason we decide to exit right now is because the majority shareholder is calling for capital increase. Romcarbon participation will be diluted significantly if we don't participate. The purpose of capital increase is mainly for M&A operation. Knowing the future challenge for Green Group and not knowing the management team of those new companies that Green Group would like to acquire, we believe it's better to exit this investment right now and invest in Romcarbon itself for which we believe we can create better value.

Q : What was the destination of the income from the assets (land & building)sold in the past 2 years ?

A : *Total income, in 2020-2022, is around 1.7 million Euros. Meanwhile, during this period, we have invested 2.5 million Euros in our production facility. Another 1.07 millions Euros for dividend distribution. Also, to tackle the crisis of raw material supply and price hikes, we keep more available fund for having better flexibility in order to take the advantage of good price when we identify the opportunity.*



Q: Is there a seasonality of sales, during a year, taking into account the markets that Romcarbon products address?

A: *Yes, there are some products, for example : agriculture film for the green house; EPS panel for underlay. There are certain months for high demand. For those product, we make the production plan according its seasonality. We produce extra stock in the low season and supply it in the peak season.*

Q: Sales related to "other activities" represent approximately 29% of your sales. Please detail what types of activity are included in the "other activities" sector?

A: *Around 26% is trading business for the merchandise ; around 2.8% is resale of utilities; the rest is service.*

Q: In Romcarbon's portfolio, which products have margin higher than 3%? Any intention to invest more in these products in the future?

A: *Except PET sector, all the other business sectors have margin over 3%. Among them the Active carbon, Individual protective equipment and PVC traffic base sector, as well as PS sector has much bigger margin. As mentioned earlier we already launched the new investment for PS sector. For the other sector, we are also making the plan to modernize it or increase the capacity.*



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