

TeraPlast enters biodegradable packaging market with investment of almost 12 million euros

TeraPlast Group is seeking funding of about 5.8 million euro under the state aid scheme for stimulating investments with a major impact on the economy for its 11.8-million euro project "Establishment of a new production facility for TeraPlast Biodegradable Foils SRL" whereby it plans to enter the newly emerging biodegradable packaging market, the company said in a report submitted on Wednesday to the Bucharest Stock Exchange (BVB).

The requested state aid accounts for 49 percent of the total investment.

The investment project consists of the acquisition of state-of-the-art production equipment and the construction of new facilities. The biodegradable bags, sacks and packages that will be produced by the TeraPlast Group company will be at least 90 percent biodegradable and will be certified "OK Compost" as per SR EN 13432, the report shows. The technological flow will also include equipment for the recycling of own production waste that will be reintroduced into the manufacturing process.

"The packaging market we target stood at 293 million euros in 2019. The segment of biodegradable bags, sacks and packages that makes the object of the investment accounts for 22 percent of the total and has the fastest growth pace. Local production cannot cover demand, therefore approximately 46 percent of the total consumption in Romania comes from imports. The granules for biodegradable foil that we will manufacture are currently imported entirely from Germany and Italy. With this project, we enter a new market that is just at the beginning, we contribute to narrowing the trade deficit, which was 17.28 billion euros in 2019, and to Romania's alignment with the requirements falling on it in the European context. The market demand will continue to increase, because by 2030 all plastic packaging in the EU must be reusable and easily recyclable," said TeraPlast CEO Alexandru Stanean.

The implementation of the project starts in November 2020, and is estimated to take 25 months. The project will create 93 new jobs, shows the document published on the BVB website.

TeraPlast Group posted a nine-month turnover of 167.4 million euros, up 14 percent YoY, and an EBITDA of 20.3 million euros, 46 percent higher from the year-ago period.

With a tradition of over 120 years, TeraPlast Group, which includes companies TeraPlast, TeraSteel Romania and Serbia, Wetterbest, TeraGlass, TeraPlast Recycling and TeraPlast Hungary, is currently Romania's largest producer of construction materials. As of July 2, 2008 TeraPlast SA is listed on the Bucharest Stock Exchange under the ticker symbol TRP.

The company's shares are included in the reference index of the Bucharest Stock Exchange - the BET - and, from September 2020, in the TotalCap and MicroCap FTSE Russell indices.