

TeraPlast Group builds new plant within 10M euro project

The TeraPlast Group will build a new factory within the TeraPlast Industrial Park in Saratel, northeastern Bistrita-Nasaud County, as part of a project with a total value of 9.8 million euro, according to a company statement submitted to the Bucharest Stock Exchange on Monday.

For this project the company submitted an investment project under the State aid scheme, the amount of aid requested being 4.9 million euro.

The products manufactured in the new unit are intended for water, irrigation and gas networks and the investment includes both new construction works and the purchase of high-productivity equipment.

"The plastics division scored record results in 2020. We estimate, for 2020, a net profit of 9 million euro, four times higher than in 2019, in the context of a turnover of 94 million euro. The increase in stock market capitalization reflects this evolution. In total, projects submitted under the state aid scheme amount to EUR 32 million and at maturity will generate an EBITDA [earnings before interest, taxes, depreciation and amortization, ed.n.] of EUR 8.6 million. We want these projects to largely compensate for the sale of the Steel division, which contributed EUR 11 million to the group's consolidated EBITDA last year. We produce in Romania and contribute to balancing the trade balance, which in 2019 was 17.28 billion euro. We will create new jobs and better respond to market demand," the TeraPlast CEO Alexandru Stanean said.

In the new production unit polyethylene products for the Installations business line will be manufactured. The inspection and visitation rooms that will be produced in the new factory provide access for the verification and monitoring of buried sewerage networks for domestic water, rainwater or drainage. TeraPlast homes can be used in industrial sewerage, residential and even agricultural networks.

The implementation of the project will be completed in February 2022 and will create 80 new jobs.

The project was submitted under the state aid scheme under the name "Setting up a new production unit for TeraPlast SA".

"Over the past three years, the TeraPlast Group has paid over 22 million euro to the state in the form of wages, corporation tax and local taxes. Through this investment, TeraPlast undertakes that by 2027 it will contribute to the state budget with salaries, corporation tax and local taxes equal to the state aid of 4.9 million euro requested, supplementing the contributions to the current structure of the plastics division," the release reads.

In the first nine months of 2020, the TeraPlast Group recorded a turnover of 167.6 million euro, 14 pct more than in the same period last year.

With over 120-year tradition, the TeraPlast Group is currently the largest Romanian producer of construction materials.