

Masterplast closed the most successful year of the decade

The largest Hungarian building material manufacturer has retained its momentum in the last quarter too

In a positive industry environment, taking advantages of the constantly expanding production output and the strong market embeddedness, the largest Hungarian building material manufacturer closed the most successful year of the post-crisis period with 71% last quarter EBIT increase. The company will launch a production in a new product range soon, where it can further benefit from the expected growth of the renovation sector.

In Q4 2019 the Company has met with slightly moderated but mostly favourable trends in the new building market and in the home renovation market of major importance for Masterplast. On the most significant Hungarian market the building industry was moderately increasing in the quarter, while the number of ongoing construction projects remained significant. On the regional markets there were different effects, but on the whole, the mood in the construction industry was rather positive.

On the most relevant Hungarian market of Masterplast, the turnover has grown by 12% while there were higher sales also in Romania, Serbia, Ukraine and Slovakia. The company performed well in the sales of its strategic product lines and seasonal products too. The sales increased by 12% in both the Thermal insulation system and the Dry construction system, while the revenue growth of the Heat, sound and water insulation materials was 6%.

From the Company's manufacturing units, the traditional **fiberglass mesh factory** in Subotica operated with full staffed and besides the improving product quality the plant output was already close to full capacity utilization in the last quarter. Total annual production was by 26% higher than in 2018, thus achieving the 2019 production target. The prospects for fiberglass production in 2020 are rather favourable, with the conditions to reach maximum capacity while maintaining high quality.

Manufacturing of EPS insulation materials continued the positive trend, and the production increased again compared to the same period last year. The production of EPS boards, having an important role in the renovation market, Masterplast achieved 15% growth in the quarter, while the cumulative output was more than 20% higher than in the previous year. To meet the increased demand, besides to the full capacity utilization of the Subotica unit, the T-CELL acquisition provide a stable background of EPS goods.

In the Kál based **foam factory** the quarterly output followed the annual trend and was lagging compared to the level of 2018 by 11%. In order to operate more efficiently, the management of the subsidiary has been reshuffled, thereby strengthening the operation of business year 2020.

On the third production base at the company's headquarters in Sárszentmihály, with the amount of 2 million EUR the investment of a **diffusion roofing foil production** line was deployed. The trial production is expected to start in the second quarter of 2020, and self-manufactured products is planned to be launched to the market in the second half of the year.

On annual basis, **the company's revenue increased by (10%) 10 million EUR and exceeded the 107 million EUR**. The highest sales in the decade after the crisis, coupled with efficient operations and robust profitability, have continued the upward trend of the past three years. The EBITDA landed on a higher level, amounted 7 268 thousand EUR (6,8% EBITDA ratio) compared to 6 034 thousand EUR in 2018 (6,2% EBITDA ratio). PAT increased by almost 1 500 thousand EUR, which was 45% growth compared to the base. With this performance, the Company achieved the sales and EBITDA level, while its PAT exceeded by almost 800 thousand EUR the previously published profit targets.

In the last quarter of 2019, the Company has increased its revenues by 7%. Compared to the increase in turnover, the trade margin value was also increased but at a lower extent. The Company's operating profit (EBIT) was 972 thousand EUR, the growth was higher than the sales increase rate, and reached more than 70% higher value than of the base period.

The Company issued a total of 6 billion HUF (18,1 million EUR) nominal value of bonds under **Growth Bond Program announced by the National Bank of Hungary**. With this the Group did not only restructured the its financing structure but ensured a long-term low-interest (1,08% EUR basis) resource for further growth.

"As far as the Hungarian market is concerned, which is the most important for us, our construction expectation regarding the construction sector for the coming years remain very positive. Although the withdrawal of the VAT discount at the end of the year has an effect on new investments starting, but projects that have already begun in the previous years are still waiting to be completed in significant quantities. In addition, the expanded "CSOK" launched in the summer and the increasing energy awareness can bring further expansion on the renovation market." – said **Dávid Tibor**, Chairman of Masterplast.

"Masterplast closed an extremely successful year in 2019, as not only our revenue, but also our profitability was close to record high. We are also optimistic about the upcoming period and expect a positive construction environment at regional level. The further expansion in production, the exploitation of the synergies by the T-CELL acquisition and our expanding manufacturing activities provide a good basis for further dynamic growth." – added **Róbert Nádasi**, CEO of Masterplast.