THRACE GROUP

PRESS RELEASE

Friday, 8 September 2017

FINANCIAL RESULTS OF FIRST HALF 2017

ATHEX: PLAT **Reuters:** THRr.AT **Bloomberg:** PLATGA

The purpose of the current release is to present the Group's financial results for the first half of the current financial year 2017 and to highlight the basic factors that contributed to such.

The basic characteristics of the period are presented in synopsis below:

- Increase in consolidated sales volume by 10.5% compared to the corresponding period of 2016 as result of the investments made for new production lines during the period 2015 – 2016. The sales volume increase was implemented in both business units of the Group (Technical Fabrics +10.7% and Packaging +9.6%).
- Increase in the value of the consolidated sales by 6.9% - the sales volume growth was not fully reflected in the value of consolidated sales as the efforts for immediate distribution of the higher production volumes, mainly in new markets, led to a more elastic pricing policy. Furthermore, there was a negative impact on turnover from the foreign exchange differences deriving from the decline of US dollar against the Euro as well as from the drop of British Pound, although to a lesser extent.
- Decrease of conversion cost as result of operation of the new machinery equipment and the outcome of actions towards further cost contraction (fixed production expenses).
- The gradual increase of raw material prices, mainly during the first quarter of the current year, impeded the Group's efforts to transfer the higher cost into the final sale price.
- As result of the latter trend, there was a pressure on the Group's Gross Profit margin by 2.1 percentage points. The particular decrease mainly derived from the Technical Fabrics Unit (contraction of margin by 2.3 percentage points) as well as from the Packaging Unit (contraction of margin by 1.1 percentage points).
- Increase in the Distribution expenses in both business units of the Group during the first half of 2017 mainly due to the aggressive expansion of the distribution activities in order to allocate the higher production volumes following the implementation of new investments.
- Increase in Administrative Expenses by 15.1% due to the significant increase in the Research & Development Expenses (R&D) which accounted for € 938 thousand during the first half of 2017 compared to € 442 thousand in the corresponding period of 2016.

More specifically, the basic financial figures of the Group during the first half of 2017 compared to the corresponding period of 2016, settled as follows:

Consolidated **Turnover**	€ 161.1 million versus € 150.6 million in the 1st half of 2016	*(+6.9%)*
Consolidated **Gross Profit**	€ 34.5 million versus € 35.4 million in the 1st half of 2016	*(-2.5%)*
Consolidated **EBIT***	€ 8.7 million versus € 12.6 million in the 1st half of 2016	*(-31.0%)*
Consolidated **EBITDA***	€ 15.4 million versus € 18.4 million in the 1st half of 2016	*(-16.5%)*
Consolidated **EBT**	€ 6.5 million versus € 10.6 million in the 1st half of 2016	*(-38.4%)*
Consolidated **EATAM**	€ 4.6 million versus € 8.1 million in the 1st half of 2016	*(-43.5%)*
Basic **Earnings per share (in €)**	€ 0.1047 versus € 0.839 in the 1st half of 2016	*(-43.1%)*

The total Equity on 30.06.2017 amounted to € 126.3 million compared to € 122.8 million on 31.12.2016 with the Net Bank Debt standing at € 60.4 million compared to € 54.7 million on 31.12.2016. The ratio Net Bank Debt / Total Equity settled at 0.48x compared to 0.45x on 31.12.2016.
In the context of the Group's investment plan for the period 2017 – 2018, amounting to € 28.8 million, new investments of € 12.1 million were implemented in the first half of 2017.

With regard to the course in the first half of 2017, the Group's Management underlines that sales volume posted a double-digit growth compared to the corresponding period of fiscal year 2016. Despite the above, the sales volume growth has not been yet reflected into the earnings level, mainly due to the actions taken for the distribution of the higher production volumes and also due to the negative impact from the gradual increase of raw material prices as well as the delays seen in the transferring of the higher cost into the final sale price. This trend is expected to continue in the second half of the year and affect the results, however to a lower degree.

Furthermore, the prospects for the current fiscal year 2017 are directly dependent on the broader climate of uncertainty in the external environment and specifically on the impact of BREXIT as well as on foreign exchange rates. However the Group's strong capital structure in conjunction with the healthy operating and organizational structures which the Group possesses, provide the Management with the ability to effectively manage any difficulties arising and to continue the implementation of its strategic plan without any interruption.

For further clarifications or information regarding the present release you may refer to Ms Ioanna Karathanasi, Head of Investor Relations, tel.: + 30 210-9875081.

Note

Alternative Performance Measures: *During the description of the developments and the performance of the Group, ratios such as the EBIT and the EBITDA are utilized.*

EBIT (The indicator of earnings before the financial and investment activities as well as the taxes): *The EBIT serves the better analysis of the Group's operating results and is calculated as follows: Turnover plus other operating income minus the total operating expenses, before the financial and investment activities. The EBIT margin (%) is calculated by dividing the EBIT by the turnover.*

EBITDA (The indicator of operating earnings before the financial and investment activities as well as the depreciation, amortization, impairment and taxes): *The EBITDA serves the better analysis of the Group's operating results and is calculated as follows: Turnover plus other operating income minus the total operating expenses before the depreciation of fixed assets, the amortization of grants and the impairments, as well as before the financial and investment activities. The EBITDA margin (%) is calculated by dividing the EBITDA by the turnover.*

ANALYSIS OF MAJOR FINANCIAL RESULTS OF THE FIRST HALF 2017 (in € thousand)

Turnover — **€161,101** — **(+6.9%)**

Turnover increase in the Technical Fabrics Unit by 6.9% and in the Packaging Unit by 8.7% compared to the first half of 2016.

Gross Profit — **€34,461** — **(-2.5%)**

Gross profit margin settled at 21.4% compared to 23.5% in the first half of 2016.

Other Operating Income — **€1,109** — **(+68.5%)**

The increase is mainly due to an income from ADMIE in the context of a more efficient electric energy management.

Distribution Expenses — **€15,445** — **(+14.3%)**

Distribution expenses settled at 9.6% of total turnover versus 9.0% in the first half of 2016.

Administrative Expenses — **€9,643** — **(+15.1%)**

The administrative expenses as percentage of total turnover settled at 6.0% from 5.6% in the first half of 2016.

Other Operating Expenses — **€915** — **(-19.5%)**

They mainly refer to provisions for doubtful customers, other taxes and duties non-incorporated in operating cost, bank expenses as well as expenses for the purchase of maquettes.

Other Losses — **€839** — **(+145.3%)**

The increase in losses is mainly due to the negative foreign exchange differences which were generated from the receivables of the Group's subsidiaries in US dollar and as result of the decline of the dollar against the Euro.

EBITDA — **€15,357** — **(-16.5%)**

EBITDA margin settled at 9.5% compared to 12.2% in the first half of the year 2016.

Financial Results — **-€2,774** — **(-1.3%)**

Financial results mainly concern credit and debit interest as well as foreign exchange differences from valuation of financial instruments.

EBT — **€6,513** — **(-38.4%)**

EBT margin settled at 4.0% compared to 7.0% in the first half of 2016.

EATAM — **€4,580** — **(-43.5%)**

EATAM margin settled at 2.8% in the first half of 2017 as compared to 5.4% in the same period of 2016.

Earnings per Share — **€0.1047** — **(-43.1%)**

Inventories — **€60,101** — **(+4.2%)**

Trade Receivables — **€66,165** — **(+30.7%)**

Trade receivables were higher due to seasonality as well as due to the higher sales.

Suppliers — **€42,769** — **(+34.5%)**

Increase due to higher Turnover and higher orders during the first half of 2017.

Net Bank Debt — **€57,363** — **(+4.8%)**

The Net Bank Debt / Total Equity ratio settled at 0,48x, almost unchanged versus the ratio on 31.12.2016 (0,45x).

Provisions for Employee Benefits — **€23,131** — **(-5.1%)**

The Provisions for Employee Benefits amounted to € 23,131 thousand on 30.06.2017 compared to € 24,369 thousand on 31.12.2016 posting a decrease of 5.1%. The particular reduction is due to the appreciation of the assets and particularly of equities and bonds.

Statement of Income – 1st Half 2017

(amounts in thousand euro)	**1st Half 2017**	**1st Half 2016**	***% Ch.***
Turnover	**161,101**	**150,638**	***6.9%***
Gross Profit	**34,461**	**35,350**	***-2.5%***
Gross Profit Margin	***21.4%***	***23.5%***	
Other Operating Income	1,109	658	*68.5%*
As % of Turnover	0.7%	*0.4%*	
Distribution Expenses	15,445	13,509	*14.3%*
As % of Turnover	*9.6%*	*9.0%*	
Administrative Expenses	9,643	8,375	*15.1%*
As % of Turnover	*6.0%*	*5.6%*	
Other Operating Expenses	915	1,136	*-19.5%*
As % of Turnover	-	-	
Other Earnings / (Losses)	-839	-342	-
EBIT	**8,728**	**12,646**	***-31.0%***
EBIT Margin	***5.4%***	***8.4%***	
EBITDA	**15,357**	**18,399**	***-16.5%***
EBITDA Margin	***9.5%***	***12.2%***	
Financial Income / (Expenses)	-2,774	-2,811	*-1.3%*
Earnings / (Losses) from Companies consolidated with the Equity Method	739	738	*0.1%*
Earnings / (Losses) from Participation	-180	-	-
EBT	**6,513**	**10,573**	***-38.4%***
EBT Margin	***4.0%***	***7.0%***	
Income Tax	1,785	2,312	*-22.8%*
Total EAT	**4,728**	**8,261**	***-42.8%***
EAT Margin	***2.9%***	***5.5%***	
Minority Interest	148	160	
Total EATAM	**4,580**	**8,101**	***-43.5%***
EATAM Margin	***2.8%***	***5.4%***	
Earnings per Share (in Euro)	**0.1047**	**0.1839**	***-43.1%***

Results per Business Unit – 1st Half 2017

Sector	**Technical Fabrics**			**Packaging**			**Agricultural Unit**	
(amounts in thousand €)	**1st Half 2017**	1st Half 2016	*% Ch.*	**1st Half 2017**	1st Half 2016	*% Ch.*	**1st Half 2017**	1st Half 2016
Turnover	**124,630**	116,592	*6.9%*	**42,647**	39,217	*8.7%*	-	624
Gross Profit	**24,676**	25,740	*-4.1%*	**9,451**	9,135	*3.5%*	-	122
Gross Profit Margin	***19.8%***	*22.1%*		***22.2%***	*23.3%*		-	*19.6%*
Total EBITDA	**9,112**	11,829	*-23.0%*	**6,269**	6,477	*-3.2%*	-	106
EBITDA Margin	***7.3%***	*10.1%*		***14.7%***	*16.5%*		-	***17.0%***

Note 1: Any differences appearing as compared to the published results are due to eliminations between business units.
Note 2: The company Thrace Greenhouses after the absorption of Elastron Agricultural during the first half 2017 was consolidated according to the Equity Method. For this reason its results are not depicted in the first half of 2017.

Basic Balance Sheet Accounts on 30.06.2017

(amounts in thousand euro)	**30.06.2017**	**31.12.2016**	***% Change***
Tangible Fixed Assets	111,419	107,437	*3.7%*
Investment Property	113	113	*0.0%*
Intangible Assets	11,480	11,605	*-1.1%*
Interests in Related Companies	13,436	11,347	*18.4%*
Other Long-term Receivables	7,448	7,387	*0.8%*
Deferred Tax Assets	2,532	2,633	*-3.8%*
Total Fixed Assets	**146,428**	**140,522**	***4.2%***
Inventories	60,101	57,695	*4.2%*
Income Tax Prepaid	1,621	1,526	*6.2%*
Trade Receivables	66,165	50,640	*30.7%*
Debtors and Other Receivables	6,903	8,028	*-14.0%*
Cash & Cash Equivalents	28,472	31,080	*-8.4%*
Total Current Assets	**163,262**	**148,969**	***9.6%***
TOTAL ASSETS	**309,690**	**289,491**	***7.0%***
Shareholders' Equity	124,118	120,672	*2.9%*
Minority Interest	2,264	2,116	*7.0%*
TOTAL EQUITY	**126,382**	**122,788**	***2.9%***
Long-term Loans	17,638	18,663	*-5.5%*
Provisions for Employee Benefits	23,131	24,369	*-5.1%*
Other Long-term Liabilities	6,019	5,624	*7.0%*
Total Long-term Liabilities	**46,788**	**48,656**	***-3.8%***
Short-term Bank Debt	71,269	67,139	*6.2%*
Suppliers	42,769	31,799	*34.5%*
Other Short-term Liabilities	22,482	19,109	*17.7%*
Total Short-term Liabilities	**136,520**	**118,047**	***15.6%***
TOTAL LIABILITIES	**183,308**	**166,703**	***10.0%***
TOTAL EQUITY & LIABILITIES	**309,690**	**289,491**	***7.0%***