

REPORT AND ISSUER IDENTIFICATION DATA

Quarterly report according to the provisions of art. 227 of Law no. 297/2004
 Date of report: 14 November 2016
 Company name: SNTGN TRANSGAZ SA
 Headquarters: Medias, 1 Constantin I. Motas Square, code: 551130
 Telephone/fax: 0269-803333/0269-839029
 Tax identification code: RO13068733
 Trade Register number: J32/301/2000
 Subscribed and paid-up capital: 117.738.440 lei
 Regulated market on which issued securities are traded: Bucharest Stock Exchange

QUARTERLY REPORT
ON THE ECONOMIC AND FINANCIAL ACTIVITY OF TRANSGAZ
as of 30.09.2016
(1 January – 30 September 2016)

The activity of the company is performed according to the objectives set under Government Resolution No. 334/May 2000 on the incorporation of the company.

This report analyzes the indicators obtained by SNTGN Transgaz SA Medias on 30 September 2016 compared to the corresponding period of the previous year and to the revenue and expense budget indicators approved by OGMS Resolution 1/21.03.2016.

thousand RON

No.	Name	Obtained between 1.01-30.09.2015	Obtained between 1.01-30.09.2016	Increase
0	1	2	3	$4=3/2 \times 100 - 100$
1.	Operating revenue before the construction activity, according to IFRIC12	1.233.069	1.264.283	3%
2.	Revenue from the construction activity, according to IFRIC12	133.585	49.223	-63%
3.	Financial revenue	24.446	19.837	-19%
4.	Operating costs before the construction activity, according to IFRIC12	775.914	845.366	9%
	Cost of assets built according to IFRIC12	133.585	49.223	-63%
5.	Financial costs	7.335	5.002	-32%
6.	GROSS PROFIT , of which:	474.266	433.751	-9%
	• from operation	457.154	418.916	-8%
	• from the financial activity	17.112	14.835	-13%
7.	Income tax	89.945	75.282	-16%
8.	NET PROFIT	384.320	358.469	-7%

The operating revenue before the construction activity, according to IFRIC12 increased by 3% as compared to the corresponding period of year 2015, which is higher by **RON 31.214 thousand**, due mainly to the increasing of the revenue obtained from the balancing activity and other higher operating revenue on account of the prescription of the late payment penalties related to dividends paid in delay in the period 2000-2003.

Starting with the fourth year of the third regulatory period (2015-2016), the total revenue at the basis of the tariff setting for the transmission activity is allocated 60% for the fix component and 40% for the volumetric component, which results in the redistribution of the transmission revenue as follows: the decreasing of transmission revenue in winter quarters, based on the lowering of revenue from the volumes transmitted, and the increasing of transmission revenue in summer quarters, based on the increasing of revenue from capacity booking, compared to the previous gas year.

The operating costs before the construction activity, according to IFRIC12 increased by 9% as compared to the corresponding period of year 2015, which is higher by **RON 69.452 thousand** due mainly to the increasing of the costs for the gas technological loss and consumption in the transmission system, the balancing activity costs and costs for the impairment of the current assets.

As compared to the same period of year 2015 the gross profit achieved for nine months of year 2016 is lower by 9%, meaning **RON 40.515 thousand**.

The main financial and economic indicators obtained in QIII 2016, compared to the same period of 2015, are presented in the following table:

thousand RON

No.	Name	Obtained in Q III 2015	Obtained in Q III 2016	Increase
0	1	2	3	$4=3/2 \times 100 - 100$
1.	Operating revenue before the construction activity, according to IFRIC12	384.937	371.802	-3%
2.	Revenue from the construction activity, according to IFRIC12	91.700	15.552	-83%
3.	Financial revenue	6.974	5.212	-25%
4.	Operating costs before the construction activity, according to IFRIC12	301.380	277.993	-8%
	Cost of assets built according to IFRIC12	91.700	15.552	-83%
5.	Financial costs	3.861	2.081	-46%
6.	GROSS PROFIT , of which:	86.670	96.941	12%
	• from operation	83.557	93.809	12%
	• from the financial activity	3.113	3.132	1%
7.	Income tax	23.906	20.238	-15%
8.	NET PROFIT	62.763	76.702	22%

The operating revenue before the construction activity, according to IFRIC12 decreased by 3% as compared to the corresponding period of year 2015, which lower by **RON 13.135 thousand**, due mainly to the diminishing amount of gas transmitted by 2.599.607 MWh as compared to the corresponding period of 2015.

The operating costs before the construction activity, according to IFRIC12 decreased by 8% as compared to Q III 2015, which is lower by **RON 23.387 thousand** due mainly to the decreasing of the costs for the gas technological loss and consumption, for the NTS concession royalty, maintenance and transmission.

The gross profit obtained in Q III 2016 amounts to **RON 96.941 thousand**, which is higher by RON 10.271 thousand as compared to the same period of time in 2015.

Analysis of the financial and economic indicators obtained at 30 September 2016 compared to the revenue and expense budget approved by OGMS 1/21.03.2016.

The main financial and economic indicators obtained between 1 January and 30 September 2016, compared to the revenue and expense budget indicators, are presented in the following table:

* thousand RON*

No.	Name	REB 1.01-30.09.2016	Obtained at 1.01-30.09.2016	Increase
0	1	2	3	4=3/2x100-100
1.	Operating revenue before the construction activity, according to IFRIC12	1.223.566	1.264.283	3%
2.	Revenue from the construction activity, according to IFRIC12	0	49.223	X
3.	Financial revenue	21.643	19.837	-8%
4.	Operating costs before the construction activity, according to IFRIC12	943.044	845.366	-10%
	Cost of assets built according to IFRIC12	0	49.223	X
5.	Financial costs	3.404	5.002	47%
6.	GROSS PROFIT , of which:	298.761	433.751	45%
	• from operation	280.522	418.916	39%
	• from the financial activity	18.239	14.835	-19%
7.	Income tax	45.901	75.282	64%
8.	NET PROFIT	252.860	358.469	42%

The operating revenue before the construction activity, according to IFRIC12 increased by **RON 40.716 thousand** as compared to the REB.

The revenue was influenced by the increasing of the revenue from the transmission activity and from the international gas transmission activity based on the foreign exchange rates changes regarding the contract currency and the nonobtaining of the revenue from the balancing activity.

The operating costs before the construction activity, according to IFRIC12 decreased by 10% as compared to the plan approved, which is lower by RON 97.678 thousand, as compared to the REB, mainly due to the savings recorded at the balancing activity costs, costs of auxiliary materials and of third party works and services.

The gross profit is higher by 45% as compared to the plan, being higher by RON 134.990 thousand as compared to the REB, and the net profit is higher by 42% as compared to the plan, being higher by RON 105.609 thousand as compared to the REB.

The syntheses of the Statement of financial position and of the Statement of comprehensive income, as well as the main economic and financial indicators of the reporting period are presented in Annexes 1-3.

The financial statements for the period 1 January – 30 September 2016 are not audited and were prepared according to the IFRS-EU.

DIRECTOR-GENERAL
Petru Ion Văduva

Chief Financial Officer
Marius Lupean

ANNEX 1**The synthesis of the Statement of financial position as of 30.09.2016*****RON***

No.	Name	31.12.2015	30.09.2016
1.	Assets		
	Non-current assets	3.814.118.021	3.763.529.380
	Current assets	1.137.316.263	1.298.801.518
	Total	4.951.434.284	5.062.330.898
2.	Equity and liabilities		
	Equity	3.569.237.972	3.602.631.063
	Non-current liabilities	1.104.863.141	1.211.266.698
	Current liabilities	277.333.171	248.433.137
	Total	4.951.434.284	5.062.330.898

ANNEX 2**The synthesis of the Statement of comprehensive income
01.01.2016 - 30.09.2016*****RON***

No.	Name	30.09.2015	30.09.2016
	Operating revenue before the construction activity, according to IFRIC12, of which:	1.233.068.631	1.264.282.621
	- revenue from the domestic transmission activity	950.325.551	902.349.421
	- revenue from the international transmission activity	237.403.516	240.298.540
	- revenue from the balancing activity	0	23.808.757
	Operating costs before the construction activity, according to IFRIC12	775.914.410	845.366.333
1.	Operating profit before the construction activity, according to IFRIC12	457.154.221	418.916.288
	Revenue from the construction activity, according to IFRIC12	133.585.220	49.223.495
	Cost of assets built according to IFRIC12	133.585.220	49.223.495
2.	Operating profit	457.154.221	418.916.288
	Financial revenue	24.446.408	19.836.788
	Financial costs	7.334.812	5.002.047
3.	Financial result	17.111.596	14.834.741
4.	Gross profit	474.265.817	433.751.029
	Income tax	89.945.611	75.282.105
5.	Net profit	384.320.206	358.468.924

ANNEX 3**The main economic and financial indicators for
the 01.01.2016 - 30.09.2016 reporting period**

No.	Name	30.09.2015	Result
1.	Current ratio	Current assets / Current liabilities	5,23
2.	Indebtness ratios		
2.1	Indebtness ratio 1	Borrowed capital / Equity	0
2.2	Indebtness ratio 2	Borrowed capital / Capital employed	0
3.	Days sales outstanding	Average balance clients x 274/ Turnover	107,76
4.	Non-current assets turnover	Turnover/ Non-current assets	0,311