

A RESPONSIBLE COMPANY, A COMPANY OF THE FUTURE!



PRELIMINARY FINANCIAL STATEMENTS FOR 2019 (UNAUDITED)

Prepared in accordance with IFRS -UE



Summary

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1. Preliminary Income statement as of 31.12.2019

 2. Preliminary Balance sheet as of 31.12.2019

 3. Main revenue drivers

 4. Main costs drivers

 5. Main business drivers

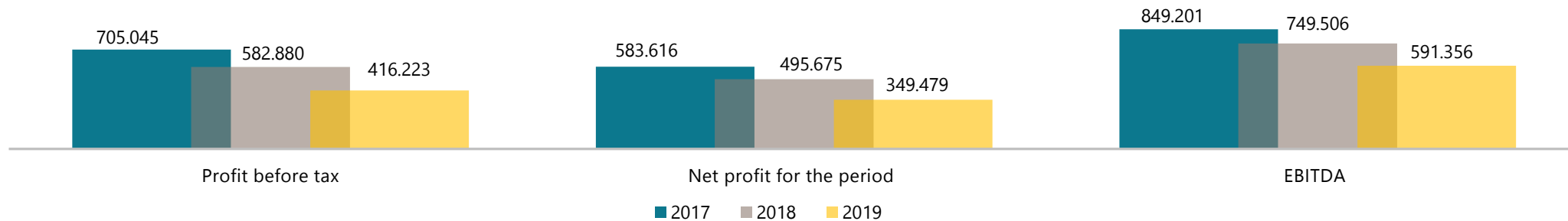
 6. Main indicators

1. Preliminary income statement as of 31.12.2019 (1)

MAIN INDICATORS

THOUSAND LEI	2017	2018	2019 preliminary	CHANGES 2019/2018	
				Absolute	Relative
Operational income before the balancing and construction activity according to IFRIC12	1.719.993	1.608.437	1.575.558	-32.879	-2%
Revenue from the balancing activity	120.686	235.427	324.688	89.261	38%
Income from the construction activity according to IFRIC12	63.950	405.794	851.696	445.902	110%
Financial income	190.546	46.844	48.536	1.692	4%
Operational costs before the balancing and construction activity according to IFRIC12	1.055.267	1.046.952	1.178.853	131.901	13%
Expenses with balancing gas	120.686	235.427	324.688	89.261	38%
Cost of assets constructed according to IFRIC12	63.950	405.794	851.696	445.902	110%
Financial expenses	150.227	25.449	29.018	3.569	14%
Profit before tax	705.045	582.880	416.223	-166.657	-29%
Profit tax expense	121.429	87.205	66.744	-20.461	-23%
Net profit for the period	583.616	495.675	349.479	-146.196	-29%
EBITDA	849.201	749.506	591.356	-158.150	-21%
Turnover	1.800.079	1.741.929	1.850.405	108.486	6%

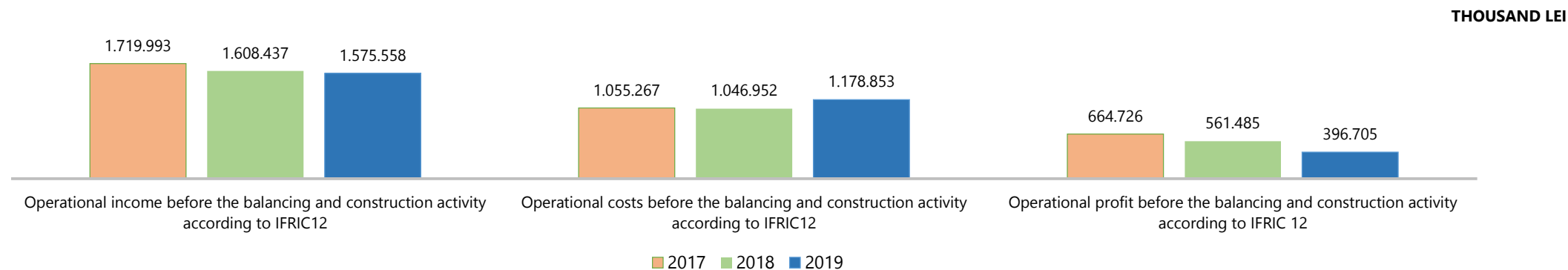
THOUSAND LEI



1. Preliminary income statement as of 31.12.2019 (2)

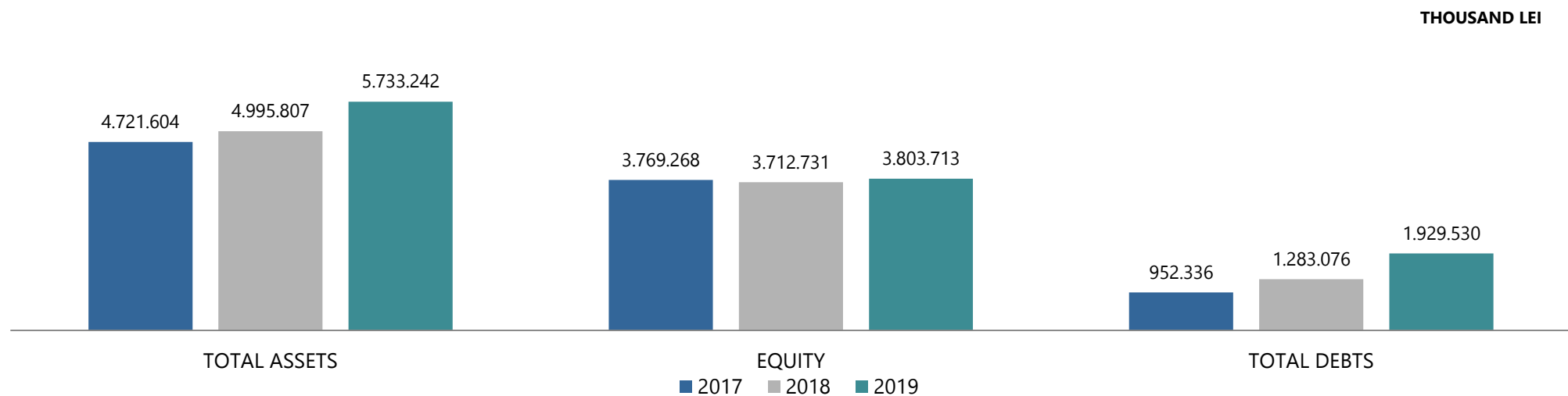
MAIN INDICATORS

THOUSAND LEI	2017	2018	2019 preliminary	CHANGES 2019/2018 Absolute	
Revenues from domestic gas transmission activity	1.338.047	1.178.420	1.192.598	14.178	1%
Revenues from international gas transmission activity	333.290	324.381	327.696	3.315	1%
Other revenues	48.656	105.636	55.264	-50.372	-48%
Operational income before the balancing and construction activity according to IFRIC12	1.719.993	1.608.437	1.575.558	-32.879	-2%
Employees costs	385.228	382.451	410.885	28.434	7%
Technological consumption, materials and consumables used	105.032	96.881	105.298	8.417	9%
Expenses with royalties	167.134	151.027	151.283	256	0%
Maintenance and transport	27.398	35.884	29.809	-6.075	-17%
Taxes and other amounts owed to the State	71.564	76.448	108.696	32.248	42%
Revenues/ Expenses with provision for risks and expenses	1.273	5.946	5.807	-139	-2%
Other operating expenses	113.164	110.293	172.424	62.131	56%
Depreciation	184.475	188.022	194.651	6.629	4%
Operational costs before the balancing and construction activity according to IFRIC12	1.055.267	1.046.952	1.178.853	131.901	13%
Operational profit before the balancing and construction activity according to IFRIC12	664.726	561.485	396.705	-164.780	-29%

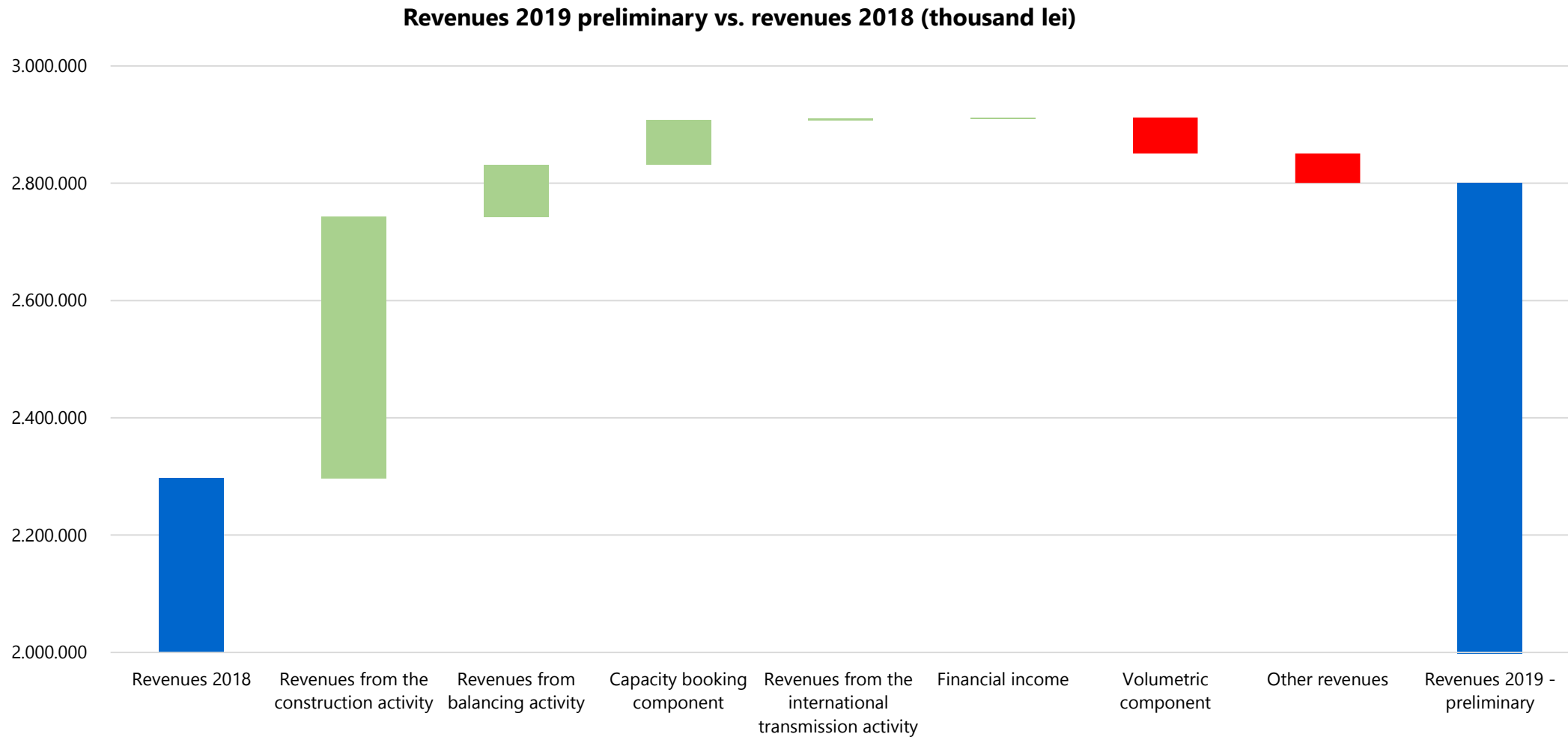


2. Preliminary Balance Sheet as of 31.12.2019

THOUSAND LEI	2017	2018	2019 preliminary	CHANGES 2019/2018	
				Absolute	Relative
Fixed assets	3.197.707	3.490.424	4.424.197	933.773	27%
Current assets	1.523.897	1.505.384	1.309.046	-196.338	-13%
Total assets	4.721.604	4.995.807	5.733.242	737.435	15%
Equity	3.769.268	3.712.731	3.803.713	90.982	2%
Long term debts	678.734	864.288	1.433.472	569.184	66%
Current debts	273.603	418.788	496.058	77.270	18%
Total debts	952.336	1.283.076	1.929.530	646.454	50%
Total equity and debts	4.721.604	4.995.807	5.733.242	737.435	15%



3. Main revenue drivers (1)



3. Main revenue drivers(2)

2019 preliminary vs. 2018

Operating revenue before the balancing and construction activity, according to IFRIC12 decreased by 2% as compared to 2018, which is lower by LEI 32.879 thousand.

The revenue was influenced mainly by the following factors:

- *commodity component* revenue lower by **LEI 61.286 thousand** due to:
 - *a commodity transmission tariff* lower by Lei 0,54/MWh with a negative influence of LEI 83.934 thousand;
 - *the gas transmitted capacities* higher by 6.450.960 MWh, as compared to 2018, with a positive influence of LEI 22.647 thousand detailed by categories of consumers as follows:

		12 months 2018	12 months 2019	Diferences
Quantity transmitted for direct consumers	MWh	60.559.629	69.513.278	8.953.649
	mii m ³	5.672.485	6.147.306	474.821
Quantity transmitted for distribution	MWh	78.605.004	76.102.315	-2.502.689
	mii m ³	7.303.436	7.080.195	-223.241
Total	MWh	139.164.633	145.615.593	6.450.960
	mii m ³	12.975.921	13.227.501	251.580

The decreasing of the tariffs in 2019 as compared to 2018 is mainly due to:

- a lower approved revenue in gas year October 2018- September 2019 (Lei 882.983 thousand) as compared to the revenue approved in gas year October 2017 - September 2018 (Lei 954.322 thousand) mainly because of the differences for the adjustment of the revenue in gas year 2018-2019 (the efficiency gain redistribution component, the correction component of the total revenue, etc).
- The commodity tariff is lower according to Order 10/2017 of the ANRE President on the amending and supplementing of Order 32/2014 of ANRE President on the approval of the Gas Transmission Regulated Revenue, Total Revenue and Regulated Tariffs Methodology, which establishes the increasing by 5% per year of the percentage by which the approved revenue is recovered by the application of the capacity booking tariff, up to 85%, and the decreasing of the percentage by which the approved revenue is recovered by the application of the commodity tariff. In gas year 2018-2019 the variable component of the total revenue at the basis of the commodity tariffs is 30% of the total revenue and in gas year 2019-2020 it decreased to 25% of the total revenue.
- At the substantiation of the tariffs for gas year 2019-2020 the monopoly tax was not recognized by ANRE at the category of the passed-through costs and implicitly at the regulated revenue.

3. Main revenue drivers(3)

2019 preliminary vs. 2018

- *capacity booking revenue* higher by **LEI 75.464 thousand** due to:
 - *the capacity booking tariff* higher by Lei 0,08/MWh, with a positive influence of LEI 28.611 thousand;
 - *booked capacities* higher by 20.335.403 MWh, with a positive influence of LEI 46.854 thousand;

	2018	2019 preliminary
Revenues from the domestic transmission activity, due to:	1.178.420	1.192.598
- Volumetric component	366.889	305.603
- Capacity booking component	811.531	886.995

- *revenue from international gas transmission activity* higher by LEI **3.316** thousand due to the appreciation of the contract currency;
- *other operating revenue* lower by LEI **50.372** thousand due to the registration in 2018 of compensation revenue, as a result of the exercising of the right to unilaterally terminate gas transmission contracts concluded following the carrying out of the incremental capacity process having as object incremental capacity allocation.

Revenue from the balancing activity increased by **LEI 89.261 thousand** based on the following factors:

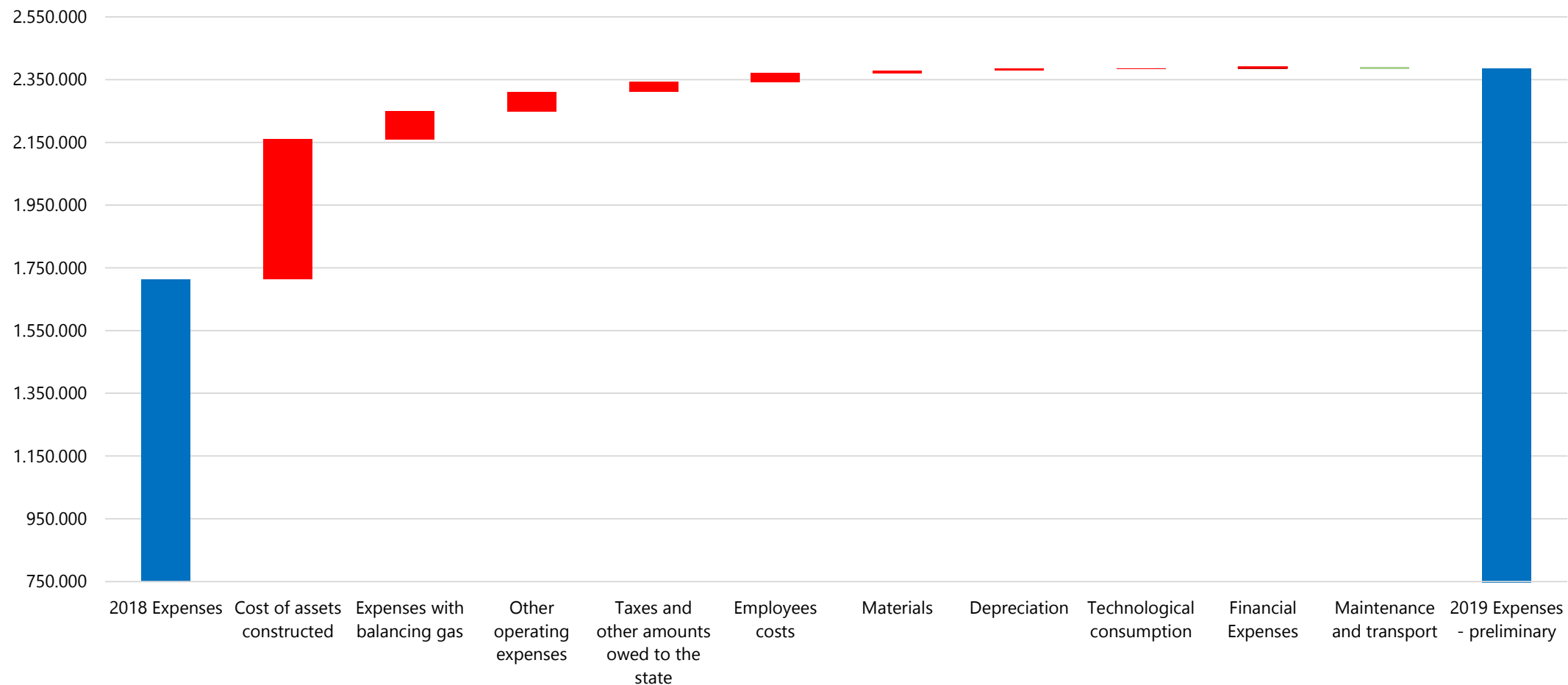
- quantity higher by 1.068.387 MWh with a positive influence of LEI 114.764 thousand;
- trading price lower by LEI 7,82 /MWh, with a negative influence of LEI 25.503 thousand.

Revenue from the construction activity higher by **LEI 445.902 thousand**, registered in line with IFRIC 12, according to which revenue and costs related to the construction activity or the improvement of the transmission network, in exchange of which the intangible asset is registered, must be acknowledged in line with IAS 11, Construction Contracts.

Financial revenue have a positive influence of **Lei 1.692 thousand** due to the increasing of the foreign exchange gains.

4. Main costs drivers (1)

Expenses 2019 preliminary vs. 2018 (thousand lei)



4. Main costs drivers (2)

2019 preliminary vs. 2018

Operating costs before the balancing and construction activity according to IFRIC12 increased by **13%** as compared to 2018, which is higher by **LEI 131.901 thousand**.

The company made savings of LEI 6.215 thousand, mainly in relation to the following cost elements:

- maintenance and transport costs: LEI 6.075 thousand;
- cost of provision for risks and charges: LEI 140 thousand.

A surplus of LEI 138.116 thousand was recorded mainly in relation to the following cost elements:

- cost of technological consumption: LEI 1.185 thousand, due to the following:
 - amount of gas for technological consumption lower as compared to achievements in 2018 by 162.493 MWh, with a positive influence of LEI 13.417 thousand;
 - preliminary average purchase price higher as compared to 2018 by LEI 21,31 /MWh, with a negative influence of LEI 14.602 thousand;

		31.12.2019	31.12.2018	Differences
Technological consumption quantities	MWh	685.317	847.810	-162.493
	mii m ³	65.208	81.034	-15.826

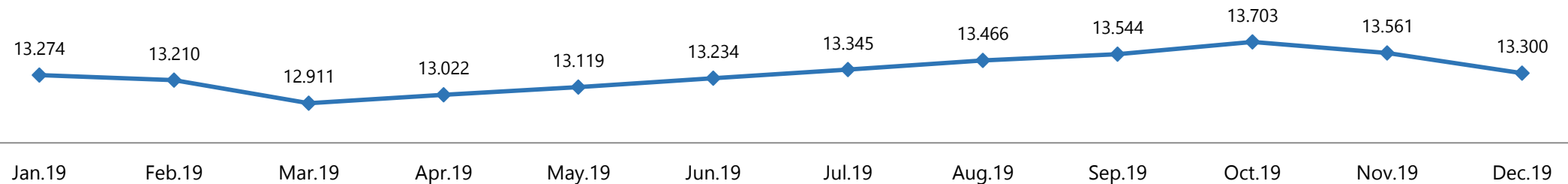
- cost of auxiliary materials and other material costs: LEI 7.233 thousand;
- cost of personnel: LEI 28.434 thousand;
- depreciation costs: LEI 6.630 thousand;
- cost of royalty: LEI 256 thousand;
- cost of taxes and duties: LEI 32.248 thousand following the introduction of the 2% turnover payment contribution according to Art. 78 of GEO 114/2018;
- other operating costs: LEI 62.131 thousand, mainly due to the establishing of corrections for the depreciation of the current assets recording an increase of LEI 54.968 thousand.

The financial cost is higher by **LEI 3.569 thousand** mainly based on the increasing of the foreign exchange gains.

As compared to 2018 the interim gross profit obtained in 2019 decreased by 29%, which is lower by LEI 166.657 thousand.

5. Main business drivers (1)

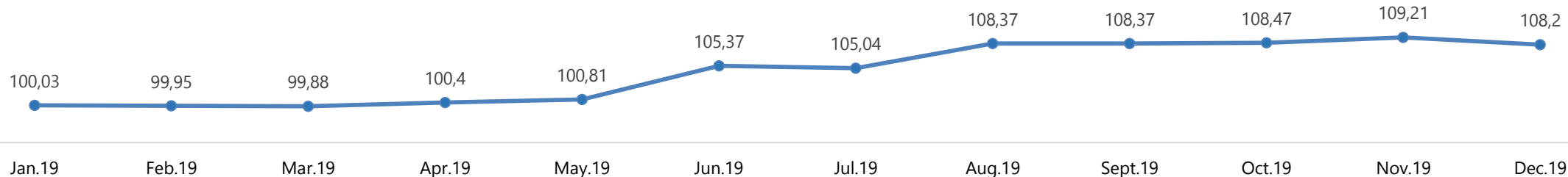
Natural gas volumes circulated (including storage quantities) - mil.cm - rolling 12 months



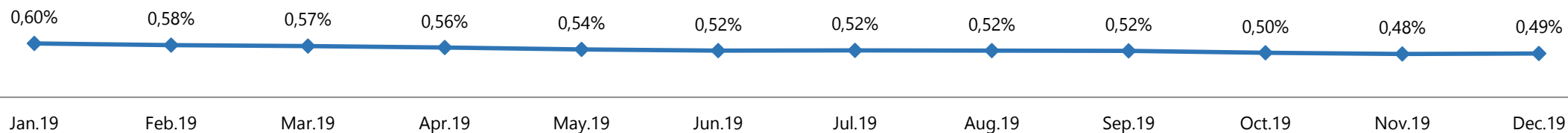
		1Q2019	2Q2019	3Q2019	4Q2019	1Q2018	2Q2018	3Q2018	4Q2018
		Circulated gas, out of which:	MWh	45.054.044	28.562.915	30.562.038	38.288.505	46.975.237	25.167.343
	thousand m ³	4.211.546	2.668.781	2.849.487	3.570.020	4.374.858	2.346.385	2.539.374	3.814.059
- storage	MWh	398.246	11.330.119	14.630.427	3.608.278	263.565	8.431.857	10.895.380	1.492.113
	thousand m ³	37.854	1.068.904	1.386.169	415.584	24.652	786.541	1.018.217	141.334
Circulated gas storage share		0,88%	39,67%	47,87%	9,42%	0,56%	33,50%	40,01%	3,65%

5. Main business drivers (2)

Natural gas acquisition price for technological consumption (RON/MWH)



% Technological consumption in total circulated gas volumes (rolling 12 months)



		1Q2019	2Q2019	3Q2019	4Q2019	1Q2018	2Q2018	3Q2018	4Q2018
Technological consumption, materials and consumables used, of which:	thousand Lei	30.306	28.675	21.753	24.563	28.620	24.836	17.076	26.349
▪ transmission system technological consumption and loss	thousand Lei	22.422	16.806	13.392	18.568	22.214	17.531	10.173	20.085
▪ technological consumption quantity	MWh	224.309	164.730	125.272	171.006	280.187	224.289	125.975	217.359
▪ auxiliary materials	thousand Lei	6.703	10.902	7.466	4.636	5.475	6.524	6.193	5.597
▪ other material costs	thousand Lei	1.181	967	896	1.359	931	780	711	1.981



Over 13,400 km of main gas transmission pipelines and connections for gas supply, of which 369 km international gas transmission pipelines;

1,130 gas metering stations;

4 gas metering stations for international gas transmission;

7 gas metering stations for imported gas;

5 gas compressor stations with a total power of 30 MW (GCS)

1.038 cathodic protection stations (CPS);

58 valve control stations/technological nodes;

902 gas odorization units.

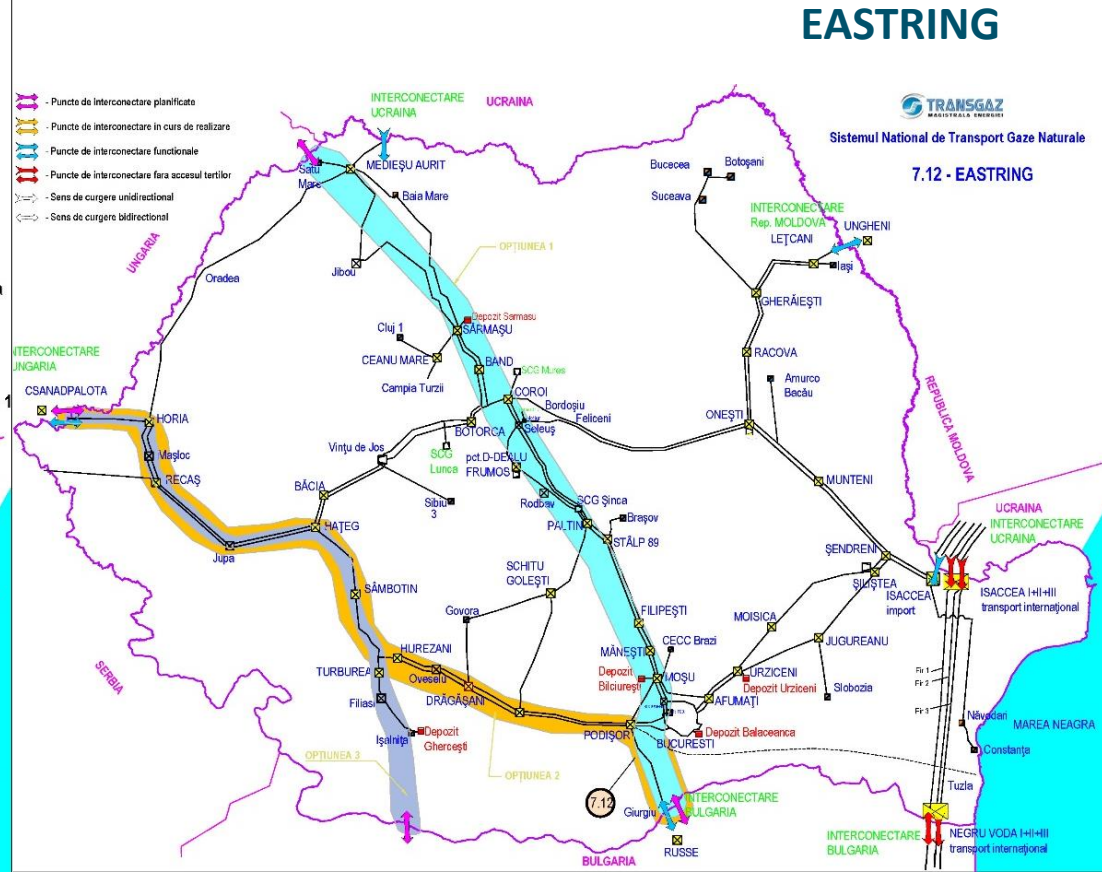
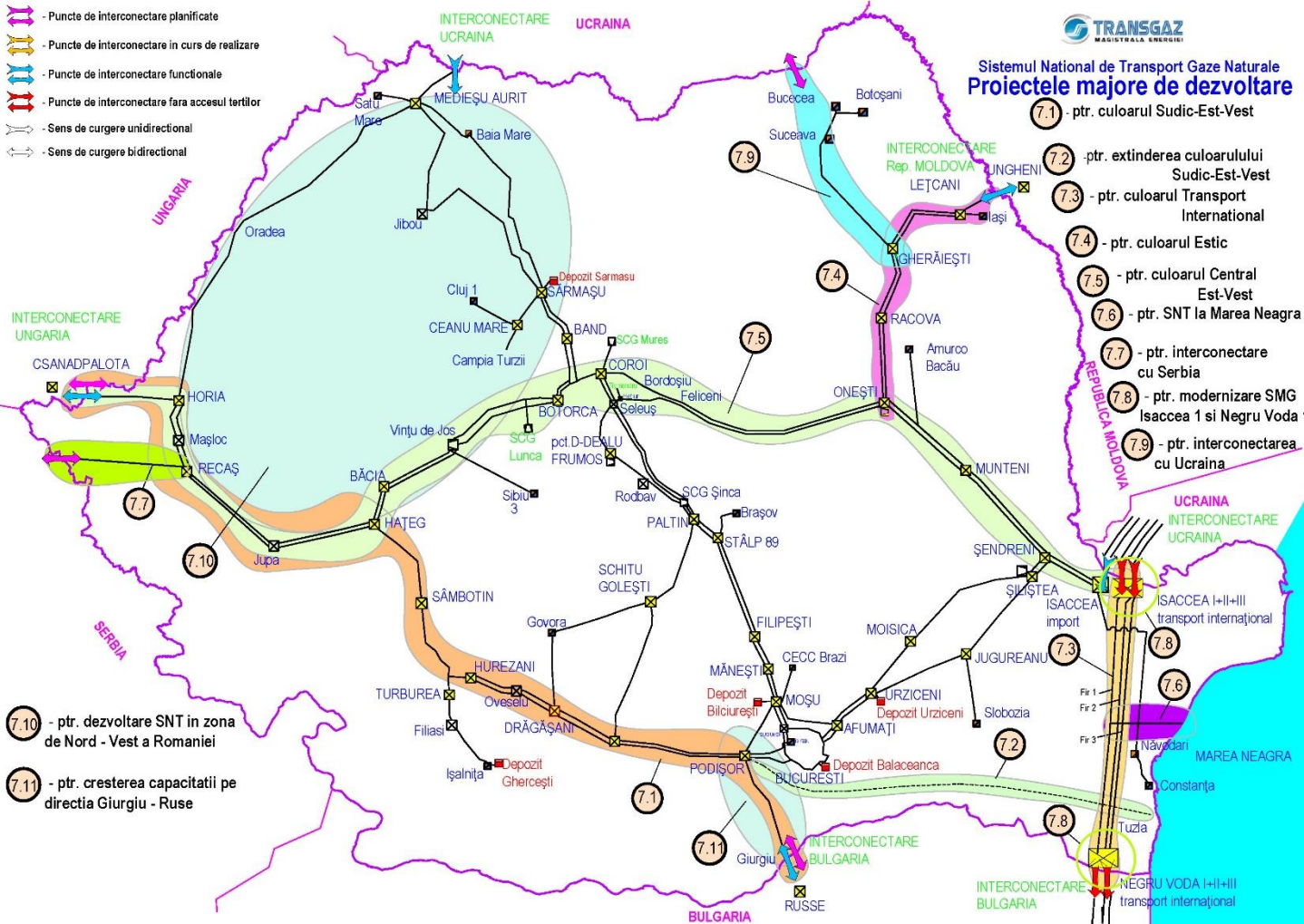
FUTURE NTS INFRASTRUCTURE

A modernized and competitive gas transmission system that ensures a high degree of interconnectivity, flexibility and access to multiple sources of supply.

Significant investments are needed for the construction of new connections, rehabilitate of parts of the existing system, and construction of new compressor stations.

TRANSGAZ'S STRATEGIC INVESTMENT PLAN 2019-2028

4.03 BILLION EURO



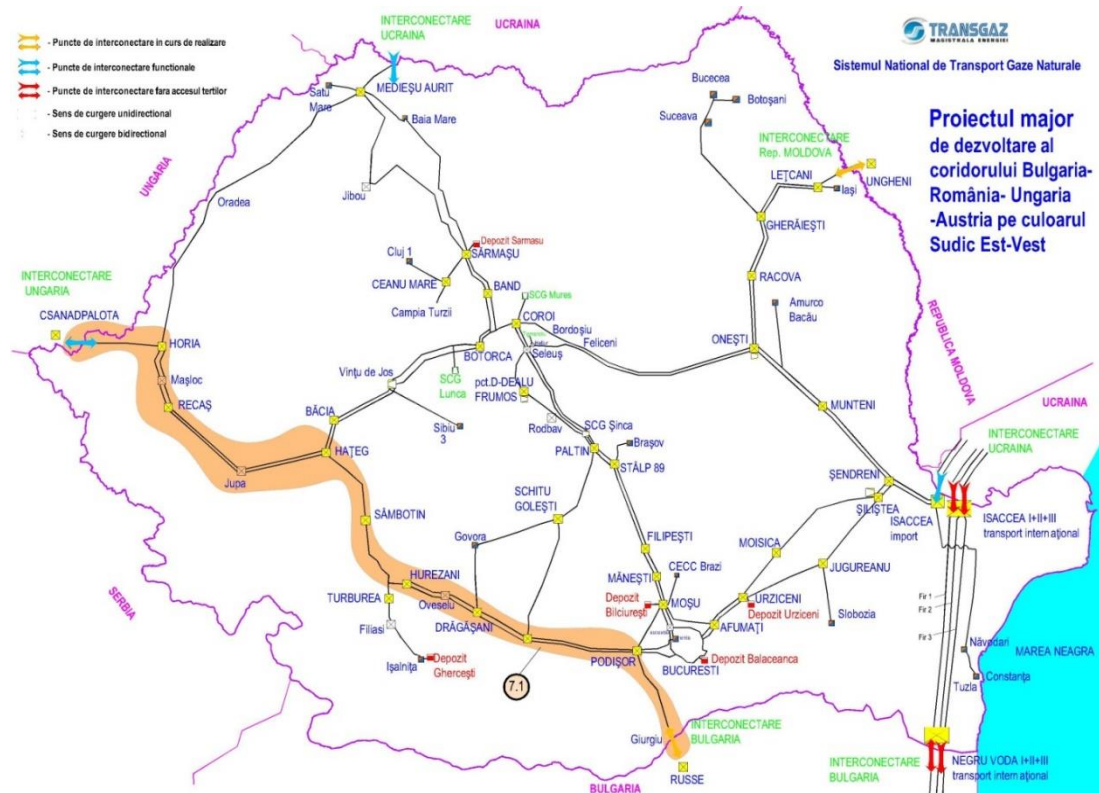
MAJOR DEVELOPMENT PROJECTS 2019-2028 (I)

Project no.	Project	Estimated value mil. Euro	Completion date	Project importance	Project status	Financing sources (mil. Euro)
7.1.1	Development on the Romanian territory of the National gas Transmission System on the Bulgaria – Romania – Hungary – Austria corridor – Phase I	478,6	2020	Ensuring a natural gas transmission capacity to Hungary of 1.75 billion cm/year and 1.5 billion cm/year to Bulgaria. The importance of the project at the level of the European Union is reflected by the nomination of the project "Gas pipeline from Bulgaria to Austria via Romania and Hungary" on both the first and the second and third list of projects of common interest.	FID	Own sources: 97,76 Attracted sources: 380,84
7.1.2	Development on the Romanian territory of the National gas Transmission System on the Bulgaria – Romania – Hungary – Austria corridor – Phase II	68,8	2022	Ensuring a gas transmission capacity to Hungary of 4.4 billion cm/year and 1.5 billion cm/year to Bulgaria. The importance of the project at the level of the European Union is reflected by the nomination of the project "Gas pipeline from Bulgaria to Austria via Romania and Hungary" on both the first and the second	A non FID	Own sources: 24,08 Attracted sources: 44,72
7.2	Development on the Romanian territory of the Southern Corridor for taking over Black Sea shore gas	360,4	2021	Taking-over natural gas to be produced in the Black Sea in the NTS for their transmission to the Romanian and European markets is of strategic importance to Transgaz. The importance of the project at the level of the European Union is reflected in the nomination of the Project on the second and third list of projects of common interest.	A non FID	Own sources: 180,2 Attracted sources: 180,2
7.3	Interconnection of the national gas transmission system with the international gas transmission pipeline T1 and reverse flow at Isaccea	77,7 Phase 1: 8,8 Phase 2: 68,9	Phase 1: 2018 Phase 2: 2020	Transgaz has a great interest in implementing this project for the following reasons: <ul style="list-style-type: none"> to eliminate the possibility of imposing by the European Commission of extremely costly financial penalties. This project is part of the first, second and third list of projects of common interest at EU level and will be carried out in two Phases.	FID	Own sources: 32,9 Attracted sources: 44,8
7.4	NTS development in the North-Eastern part of Romania for improving the security of gas supply in the area and to ensure the transmission capacities towards the Republic of Moldova	174,25	2021	Ensuring a transmission capacity of 1.5 billion cm/year at the interconnection point between the Romanian and Moldovan gas transmission systems	FID	Own sources : 44,89 Attracted sources: 129,36
7.5	Extension of the bidirectional gas transmission corridor Bulgaria – Romania – Hungary – Austria (BRUA Phase III)*	530	2025	Depending on the increase in offshore production, the Black Sea is considering the further development of the network: an additional route through the centre of Romania and a new interconnection with Hungary	LA non FID	Own sources: 185,5 Attracted sources: 344,5
7.6	New NTS developments for taking over Black Sea shore gas	9,14	2021	Creating an additional point for taking over natural gas from the Black Sea offshore exploitation blocks	FID	Own sources: 3,19 Attracted sources: 5,95
7.7	Romania - Serbia Interconnection	53,76	2020	Construction of an interconnection pipeline with Serbia to diversify sources of supply and increase energy security in the region	A non FID	Own sources: 18,82 Attracted sources: 34,94

MAJOR DEVELOPMENT PROJECTS 2019-2028 (II)

Project no.	Project	Estimated value mil. Euro	Completion date	Project importance	Project status	Financing sources (mil. Euro)
7.8	Upgrading GMS Isaccea 1 and Negru Vodă 1	26,65	2021	Upgrading the gas metering stations at interconnection points to increase the level of energy security in the region.	FID	Own sources: 9,33 Attracted sources: 17,32
7.9	Interconnection of the national gas transmission system with the natural gas transmission system of Ukraine, Gherăești-Siret	125	2025	Establishing an interconnection with Ukraine in the direction of Gherăești-Siret, completing the project on NTS developments in the North-East area of Romania, in order to improve the natural gas supply in the area.	LA non FID	Surse proprii: 43,75 Attracted sources: 81,25
7.10	Development/Upgrading of the gas transmission infrastructure in the North-Western part of Romania	405	Phase 1 2022 Phase 2 2025 Phase 3 2026	Increasing the natural gas transmission capacities in the North-West of Romania to ensure the trends of consumption growth in the region.	LA non FID	Own sources : 141,75 Attracted sources: 263,25
7.11	Increase in the gas transmission capacity of the interconnection Romania-Bulgaria, in the Giurgiu-Ruse direction	51,8	2027	Improving the natural gas supply of the area.	LA non FID	Own sources : 18,13 Attracted sources: 33,67
7.12	Eastring-Romania	Phase 1: 1.297 Romania Phase 2: 357 mil. Romania	Phase 1: 2025 Phase 2: 2030	EASTRING will be open to well-established sources as well as alternative sources. It will bring gas from new sources from the Caspian / Mediterranean / Black Sea / Middle East regions. At the same time, it will ensure the supply of Southeast Europe from European gas hubs. Total capacity will be available to any carrier or vendor.	LA non FID	Own sources : 578,9 Attracted sources: 1.075,1
7.13	Monitoring system, data control and acquisition for the cathodic protection stations related to the National Gas Transmission System	8	2023	Provides the ability to set, monitor and operate remotely and accurately the points of interest of the system, eliminates the cost of reading data, avoids situations where due to weather conditions it is not possible to read data and human errors, allow distributed control of locations, operating and maintenance costs, considerably reduces setup time.	LA non FID	Own sources : 2,8 Attracted sources: 5,2
7.14	Development of the SCADA system for the National Gas Transmission System	5,5	2023	Upgrading the natural gas transmission infrastructure by upgrading hardware and software architecture.	LA non FID	Own sources : 1,9 Attracted sources: 3,6

Project of Common Interest 7.1.5 according to the first PCI list, 6.24.2 according to the second PCI 2015 list, and 6.24.1-2 according to the third PCI 2017 list



Aim:

- development of the gas transmission capacity between the Romanian and the Bulgarian and Hungarian gas transmission systems.

Capacity:

- 1.75 bcm/y to Hungary
- 1.5 bcm/y to Bulgaria

Necessary investments

- 32"x63 bar ~479 km pipeline in length
- 3 compressor stations: CS Podișor, CS Bibești and CS Jura

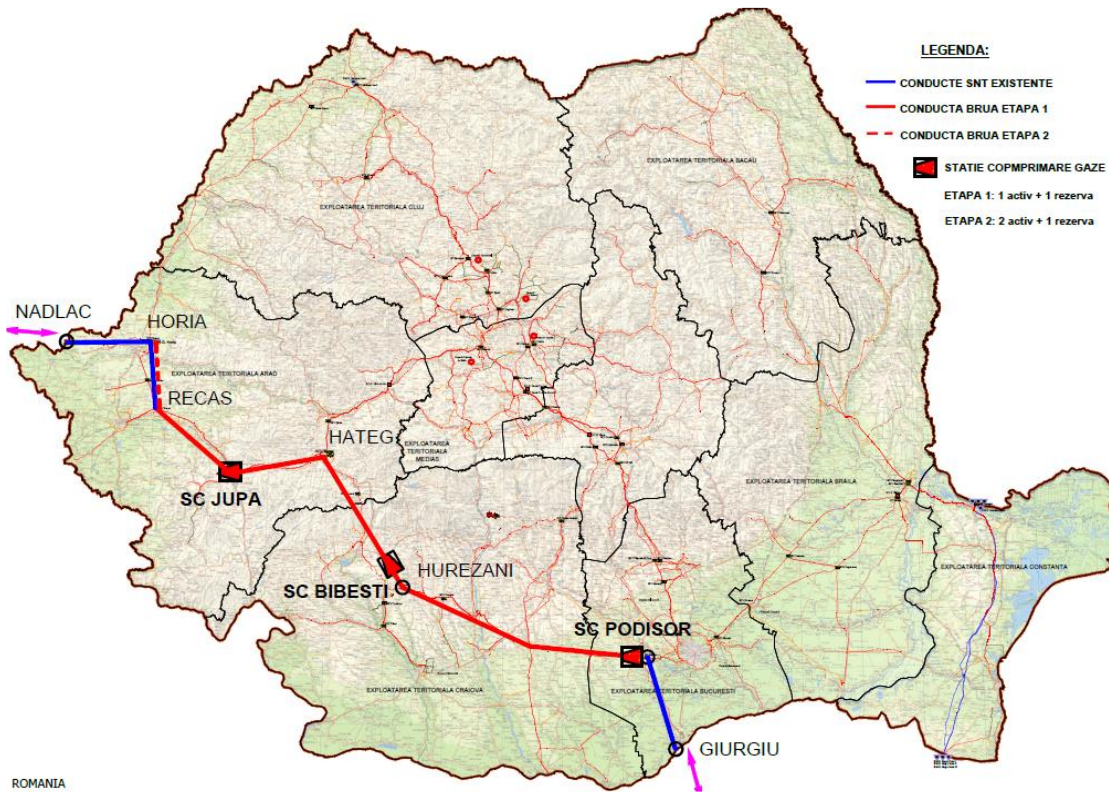
Total estimated costs

- 478.6 mil. Euro

EU grant: 179 mil. Euro

Connecting Romania to neighbouring transit

Project of Common Interest 7.1.5 according to the first PCI list, 6.24.7 according to the second PCI 2015 list and 6.24.4-position 4 according to the third PCI 2017 list



Estimated commissioning - 2022

Aim :

- The project aims to increase gas flow to Hungary through the Horia – Csanadpalota interconnector

Capacity increase:

- From 1.75 bcm/y to 4.4 bcm/y to Hungary

Necessary investments

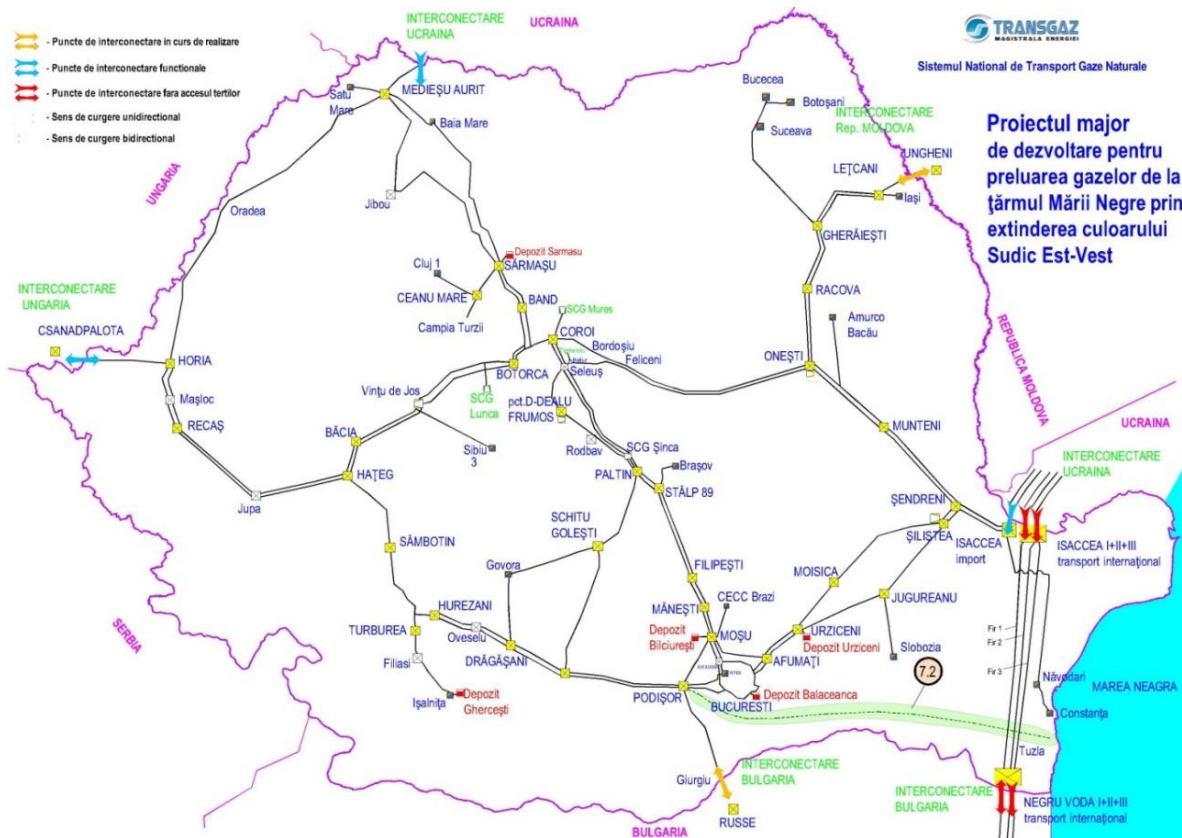
- Recaş-Horia pipeline 32"x63 bar ~50 km
- increasing the capacity of the three existing compressor stations (Jupa, Bibeşti, Podişor) by the installation of an additional unit for each station
- extension of Horia GMS

Total estimated costs

- 68.8 mil. Euro

Connecting Romania to neighbouring transit

Project of Common Interest 6.24.8 according to the second PCI 2015 list and 6.24.4-position 5 according to the third PCI 2017 list



Aim :

- create a transmission infrastructure for taking over Black Sea gas

Necessary investments:

- the Black Sea shore–Amzacea pipeline, 32.5 km, Ø 48" (Dn1200)
- the Amzacea–Podișor pipeline, 275.9 km, Ø 40" (Dn1000)

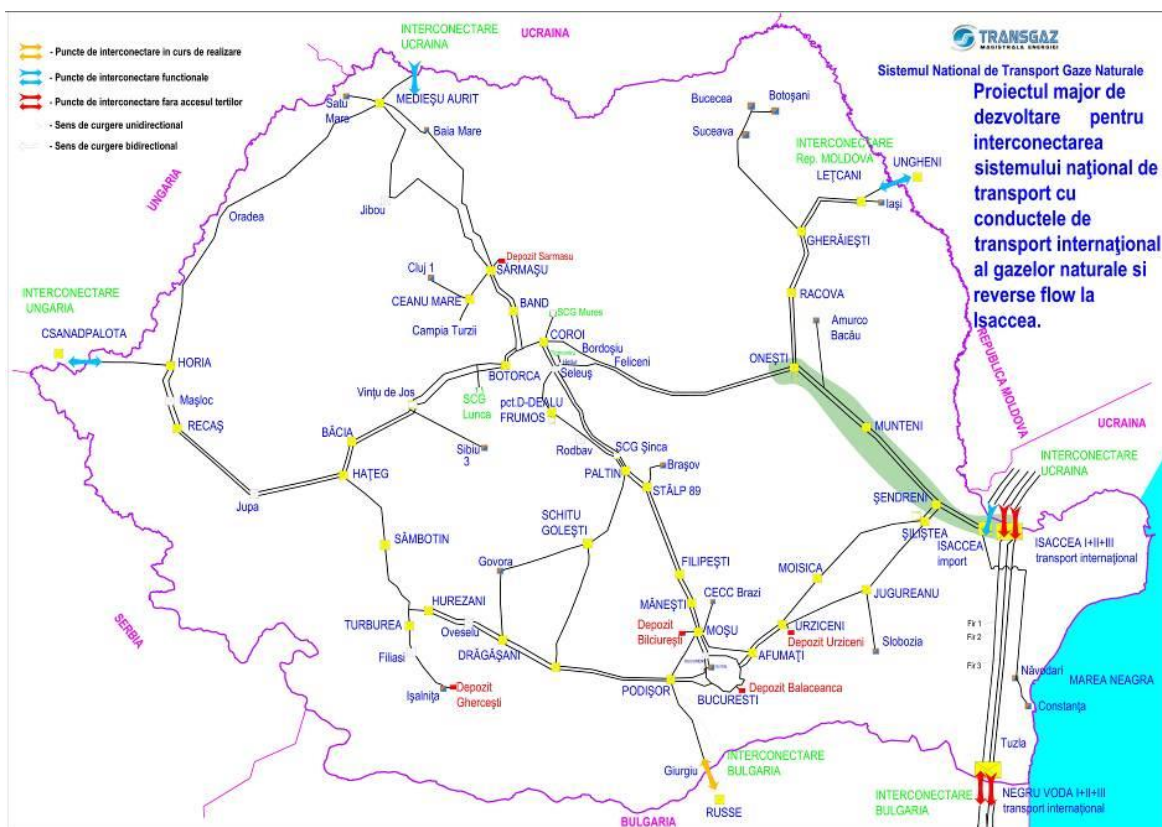
Total estimated costs

- 360.4 mil. Euro

Estimated commissioning 2021

Interconnection of the NTS with the T1 pipeline and reverse flow at Isaccea

Project of Common Interest 6.15 according to the second PCI 2015 list and 6.24.10- position 1 according to the third PCI 2017 list



Aim :

- create a transmission corridor between Bulgaria, Romania and Ukraine
- ensure physical reverse flow at the Negru Vodă 1 point, according to EU Regulation 994/2010

Necessary investments:

Stage 1

- rehabilitation of Dn800 Onești-Cosmești pipeline
- Isaccea interconnection

Stage 2

- upgrading of Siliștea CS, Siliștea TN
- upgrading of Onești CS, Onești TN
- upgrading of Șendreni CS, Șendreni TN

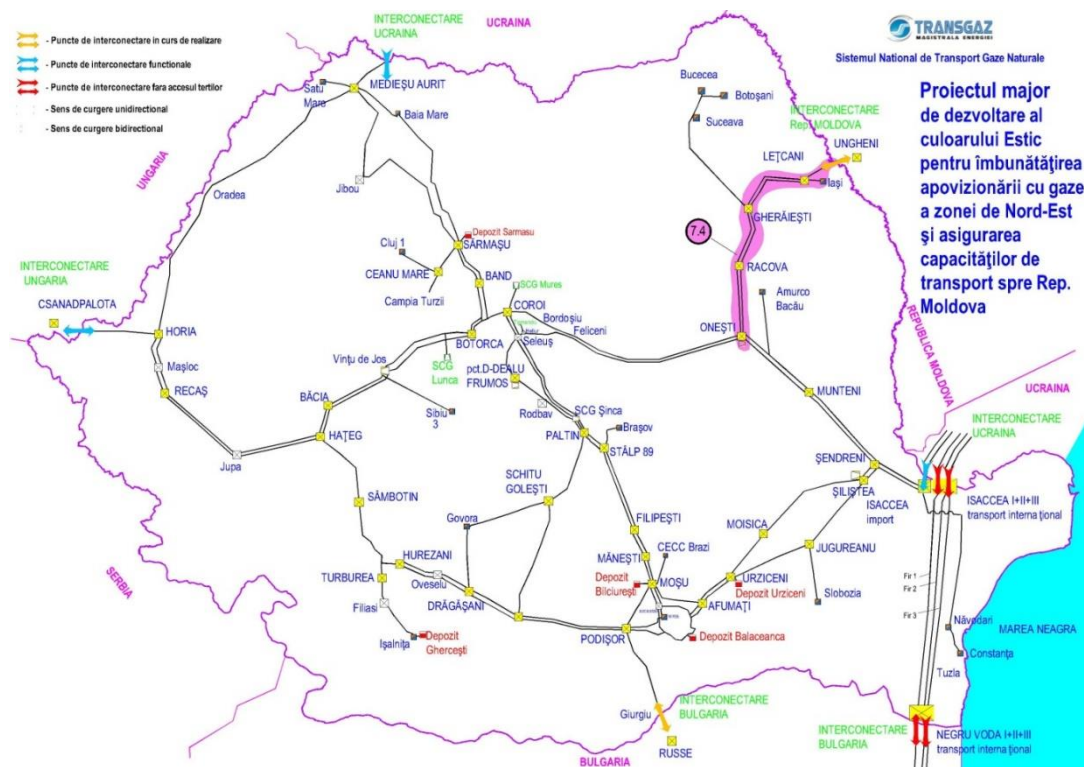
Total estimated costs

- **77.7 mil. Euro**

Final Investment Decision – 2018

Commissioning -2018 – Stage I
 Commissioning -2020 – Stage II

NTS DEVELOPMENTS IN THE NORTH-EASTERN AREA OF ROMANIA (MOLDOVA INTERCONNECTION)



Estimated commissioning - 2021

Aim :

- enhancing gas supply to North – East Romania;
- ensuring 1.5 bcm/y transmission capacity at the interconnection point between the transmission systems of Romania and Moldova.

Necessary investments

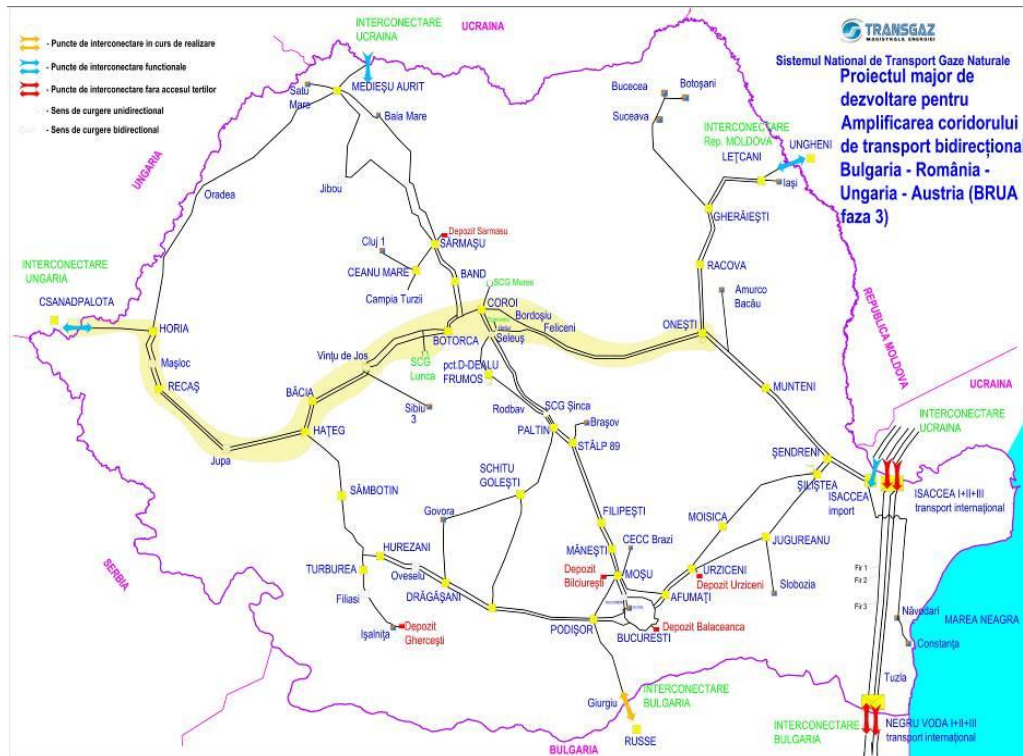
- construction of a Dn 700 104.1 km pipeline, in the Gherăiești-Letcani direction;
- construction of a Dn 700 61.05 km pipeline, in the Gherăiești-Letcani direction;
- construction of a compressor station at Gherăiești of 9.14 MW
- construction of a compressor station at Onești of 9,14 MW

Total estimated costs

- **174.25 mil. Euro**

ENLARGEMENT OF THE BRUA BIDIRECTIONAL TRANSMISSION CORRIDOR (ROHUAT/BRUA), PHASE 3

Project of Common Interest 6.25.3 according to the second PCI 2015 list and 6.24.10-position 2 according to the third PCI 2017 list



Estimated completion - 2025

Aim :

- development of gas transmission capacity on the Onești–Coroi–Hateg–Nădlac corridor depending on the Black Sea or other onshore blocks gas volumes.

Necessary investments

- rehabilitation of some pipeline sections;
- replacement of existing pipelines with new larger diameter and operating pressure pipelines;
- two or three new gas compressor stations.

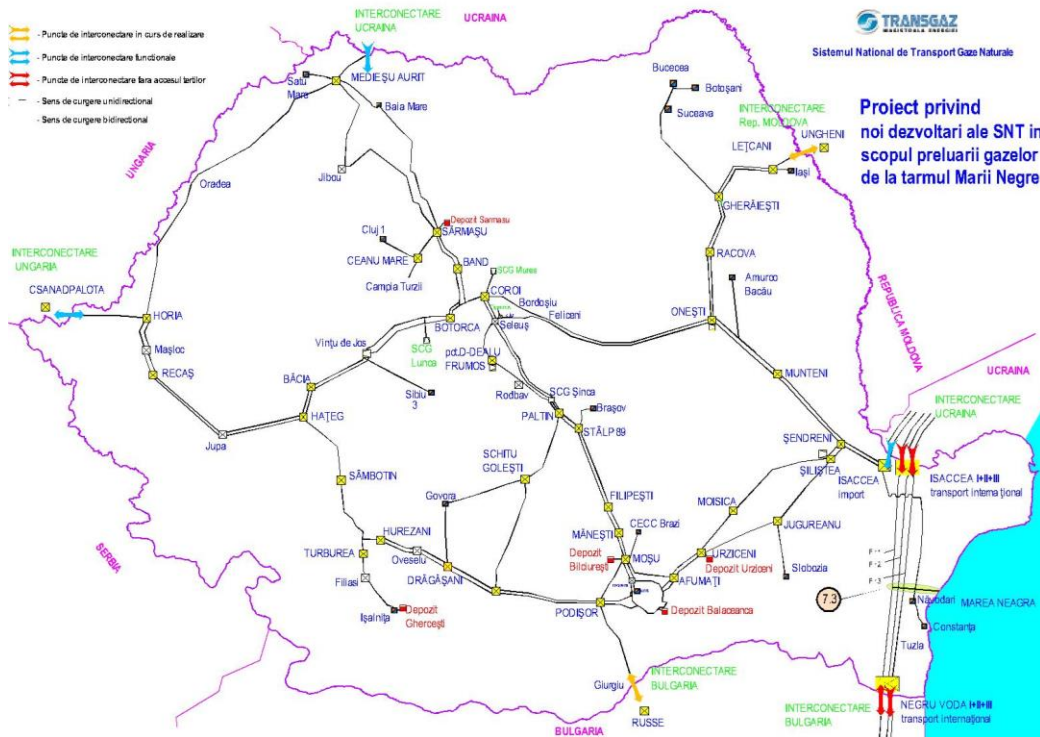
Capacity increase:

- by 4.4 bcm/y to Hungary

Total estimated costs

- 530 mil. Euro

Project of Common Interest 6.24.10- position 3 according to the third PCI 2017 list



Aim :

- creating an additional taking over point for the natural gas coming from the Black Sea blocks

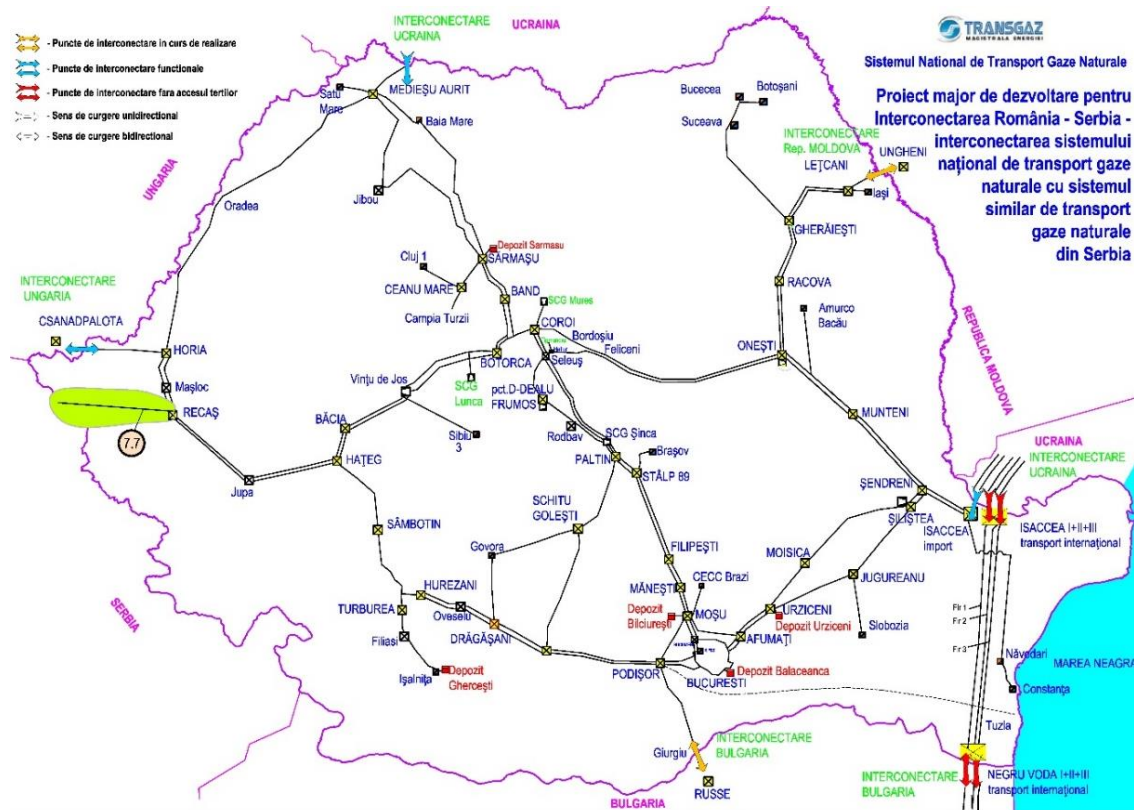
Necessary investments

- construction of a 24.37 km DN 500 gas transmission pipeline from the Black Sea shore to the existing T1 international transmission pipeline.

Total estimated costs

- 9.14 mil. Euro

Estimated commissioning 2021



Estimated commissioning -2020

Aim :

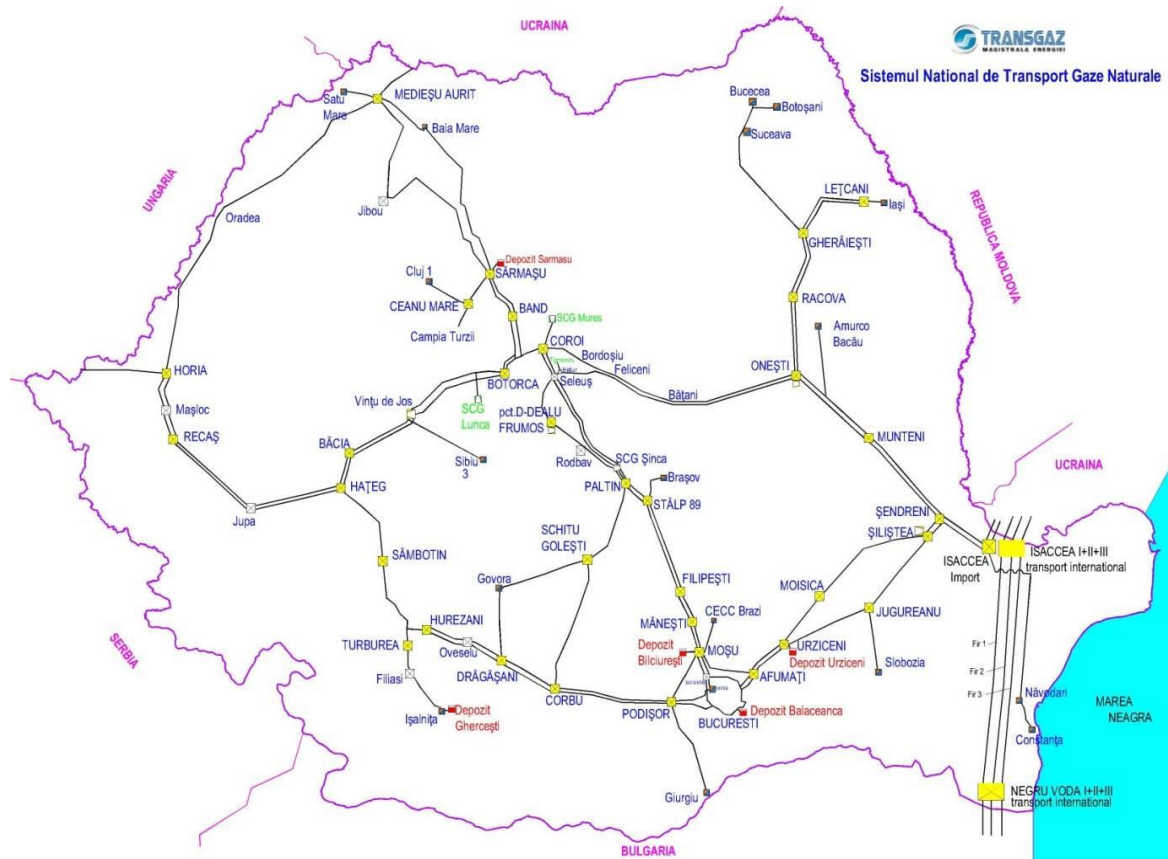
- enhancing security of energy supply to the region

Necessary investments

- construction of a new interconnection pipeline in the direction Receaș-Mokrin of approximately 97 km out of which approx. 85 km on the territory of Romania and 12 km on the territory of Serbia to be connected to BRUA pipeline
- construction of a CS at Comloșu Mare

Total estimated costs

- **53.76 mil. Euro**



Aim :

- increasing the level of energy security in the region

Necessary investments

- construction of two new gas metering stations, replacing the existing ones. For the Isaccea 1 GMS the station will be constructed within the existing station, and for the Negru Vodă 1 GMS, near the existing station.

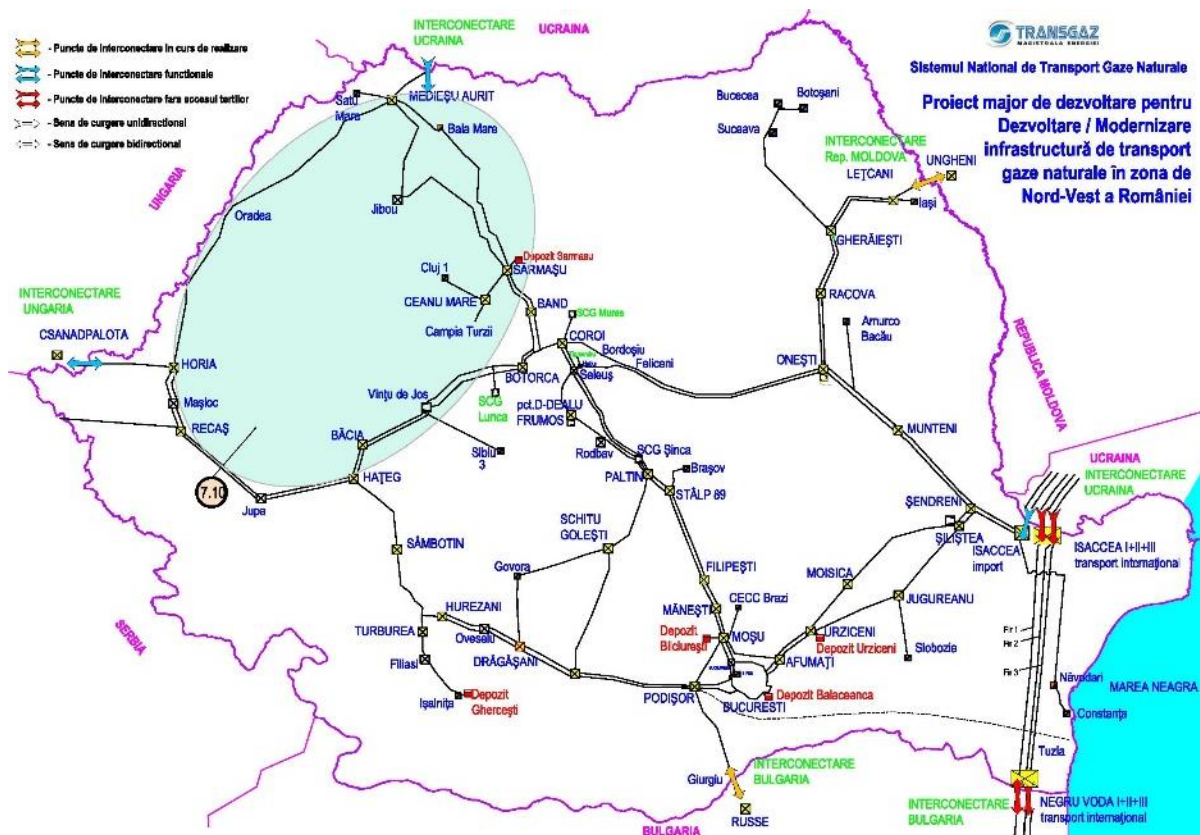
Total estimated costs ~ 26.65 mil.Euro

- 13.88 mil Euro- upgrading Isaccea 1 GMS
- 12.77 mil Euro– upgrading Negru Vodă1 GMS

Final Investment Decision – 2018

Estimated commissioning – SMG Isaccea 1- 2020
 Estimated commissioning– SMG Negru Vodă 1- 2021

Development/Upgrading of the gas transmission infrastructure in the North-Western part of Romania



Estimated commissioning - 2025

Aim:

- Creation of new gas transmission capacities

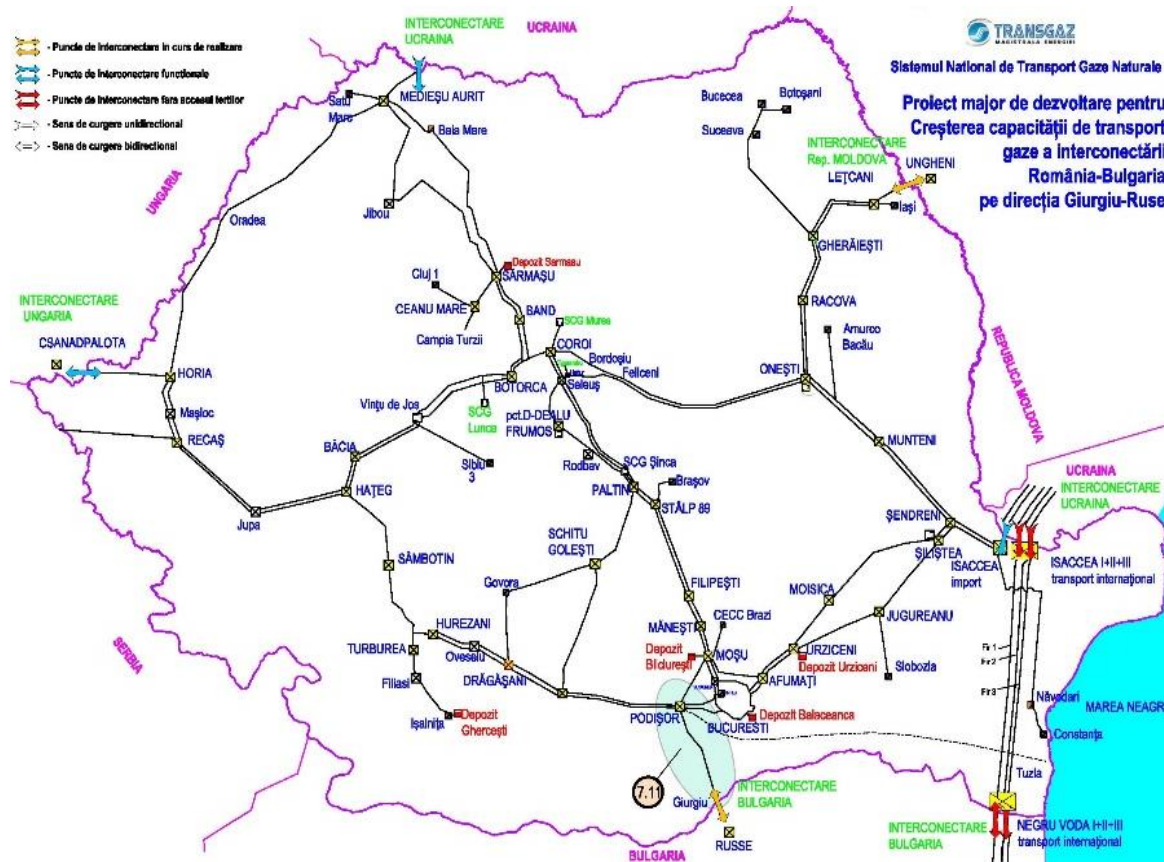
Necessary investments

- construction of a gas transmission pipeline and of the related equipment in the Horia–Medieșu Aurit direction;
- construction of a gas transmission pipeline and of the related equipment in the Sărmășel–Medieșu Aurit direction;
- construction of a gas transmission pipeline and of the related equipment in the Huedin–Aleșd direction;
- construction of a Gas Compressor Station at Medieșu Aurit.

Total estimated costs

- 405 mil Euro**

Increase of gas transmission capacity of the interconnection Romania-Bulgaria, in the Giurgiu-Ruse direction



Estimated commissioning - 2027

Aim:

- enhancing security of energy supply to the region

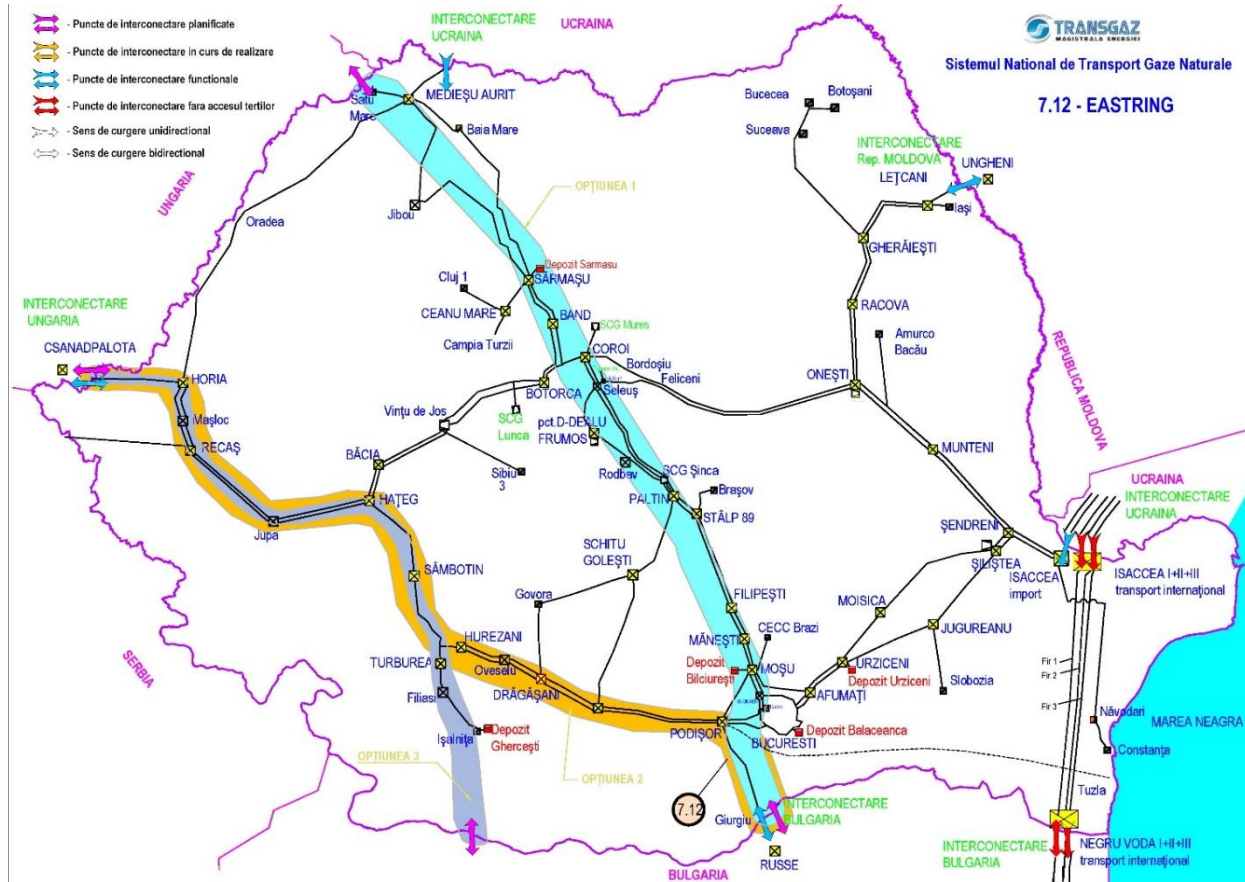
Necessary investments

- construction of a new gas transmission pipeline and related facilities;
- construction of a new Danube undercrossing
- enhancement of SMG Giurgiu

Total estimated costs

- 51,8 mil Euro

Project of common interest 6.25.1 according to the third PCI 2017 list



Aim:

- EASTRING will ensure the most cost-reflective and direct transmission route between the gas platforms from the Western European region and the Balkans/Western Turkey. The possibility to diversify transmission routes and gas supply sources will safeguard the regional security of gas supply to the region, mainly in the South-Eastern European countries. According to the feasibility study, the project will be implemented in two stages as follows:
 - Phase 1 – Maximum capacity of 20 bcm/y;
 - Phase 2 – Maximum capacity of 40 bcm/y.

Total estimated costs

- Phase 1- 1.297 mil. Euro for Romania (2.600 mil.Euro-total)
- Phase 2- 357 mil. Euro for Romania (739 mil. Euro-total)

**Estimated commissioning – 2025 - Phase 1
2030 - Phase 2**

The Investment Development and Modernization Plan (PMDI) for 2019 and the 2020-2021 forecast include investments in NTS developments according to Law 123/2012 for ensuring the extension of the National Transmission System in areas having newly established distribution systems.

According to Art. 151 of Law 123/2012, the transmission operator has the obligation to finance the extension works in conditions of economic efficiency. According to Art. 130 (e1) and (e2), the transmission operator has to extend the NTS for supplying the resorts on national and local interest located at a distance of maximum 25 km from the NTS connection point.

The values estimated for the development of the transmission network on the territory of Romania are included in the PMDI at Chapter 6 **NTS DEVELOPMENT ACCORDING TO LAW 123/2012 (UPDATED), ART.130 (E¹) AND (E²), as follows:**

	REB 2019	Estimated 2020	Estimated 2021
NTS development according to Law 123/2012 (thousand lei)	150.000	350.000	400.000

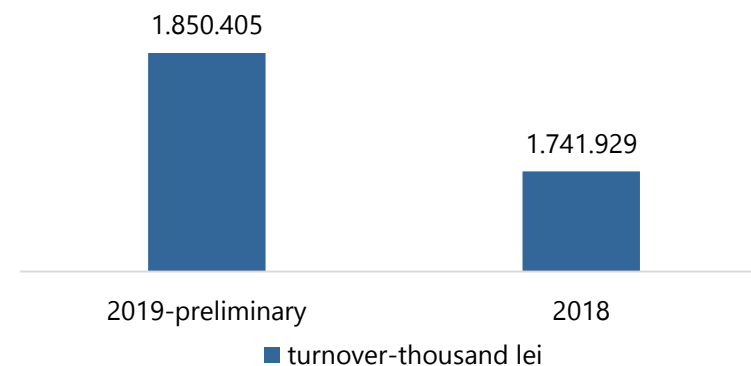
The amount included in the 2019-2028 TYNDP and regarding the extension, development of the NTS ensure the possibility of connection to the NTS of all Romanian localities, according to Law 123/2012 and to ANRE Order 82/2017.



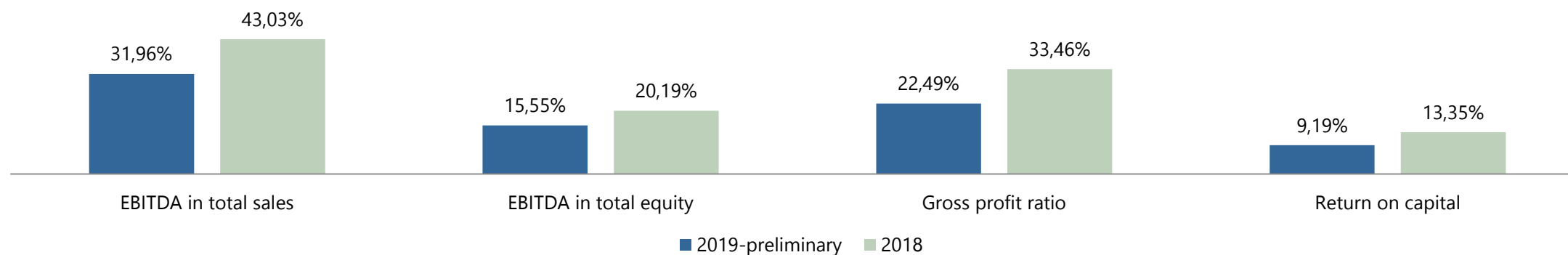
6. Main indicators

31.12.2019 preliminary compared to 31.12.2018

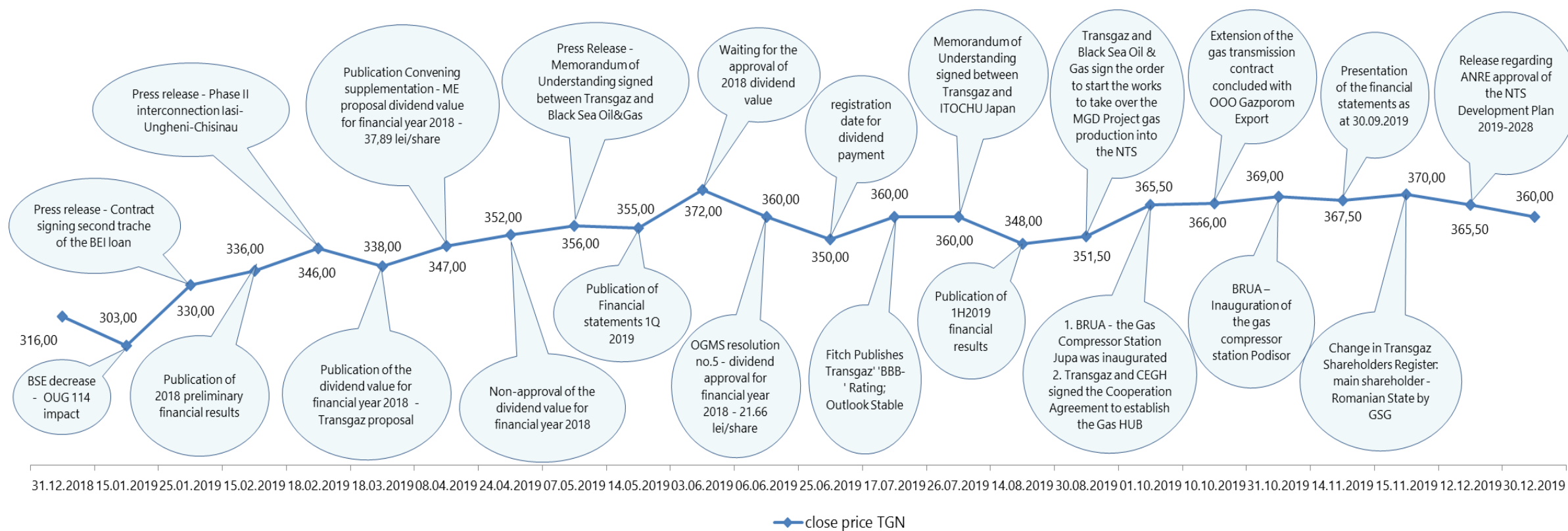
	2019-preliminary	2018
EBITDA in total sales	31,96%	43,03%
EBITDA in total equity	15,55%	20,19%
Gross profit ratio	22,49%	33,46%
Return on capital	9,19%	13,35%
Current liquidity ratio	2,64	3,59
Quick liquidity ratio	1,63	2,99
Gearing	17,45%	6,28%
Interest coverage ratio	91,53	222,77
Turnover speed for clients debit - days	137,09	141,49
Turnover speed for credit providers - days	40,48	35,52



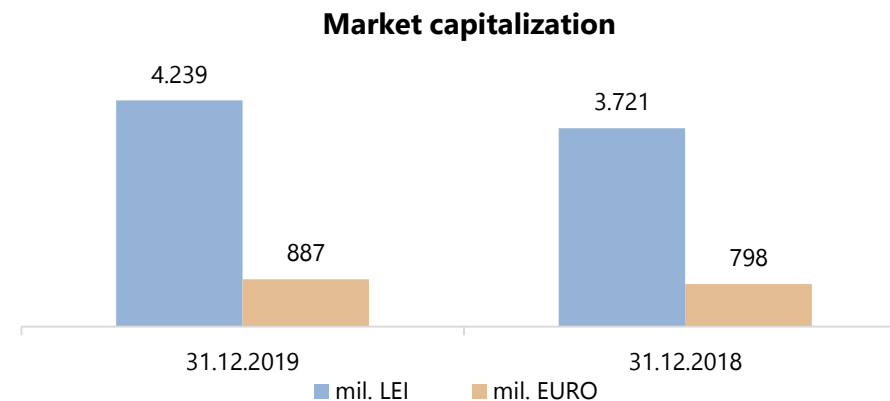
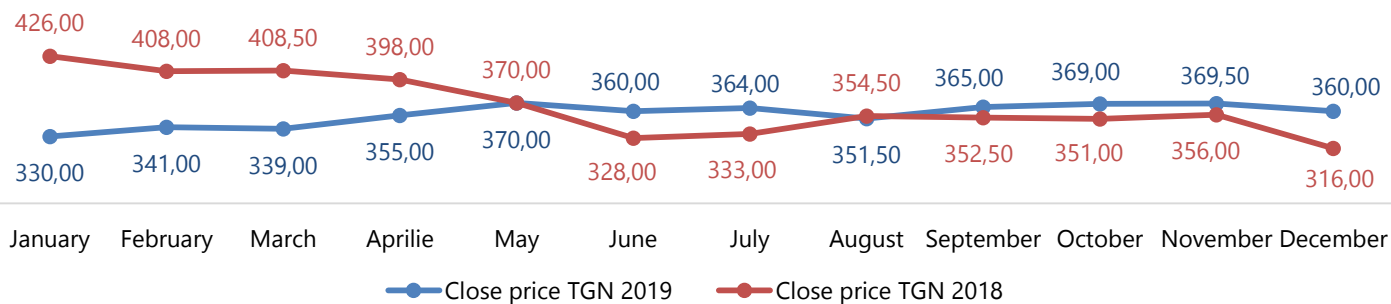
—●— Number of employees at the end of the period



Main corporate events with an impact upon the share price in 2019

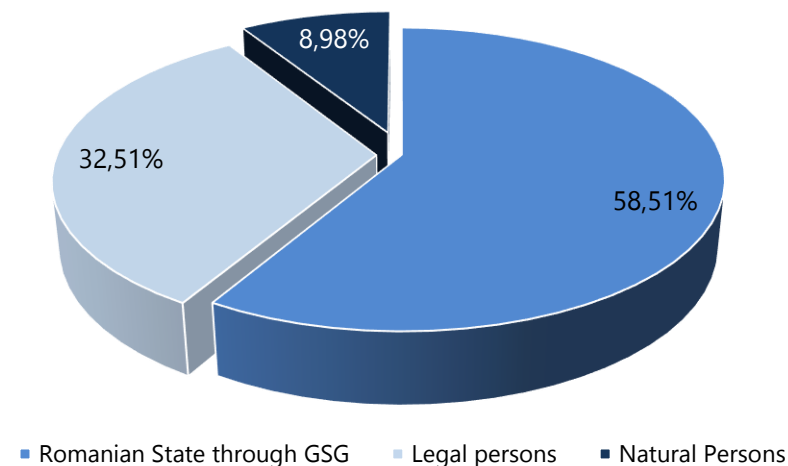


Stock Exchange TGN Evolution (2)



Stock market index name	TGN share 31.12.2019	Position held in the compenence of the index
BET	6	5,13 %
BET-TR	6	5,13 %
ROTX	6	5,88 %
BET-NG	3	15,01 %
BET-XT	6	4,93 %

Shareholders structure at 31 December 2019

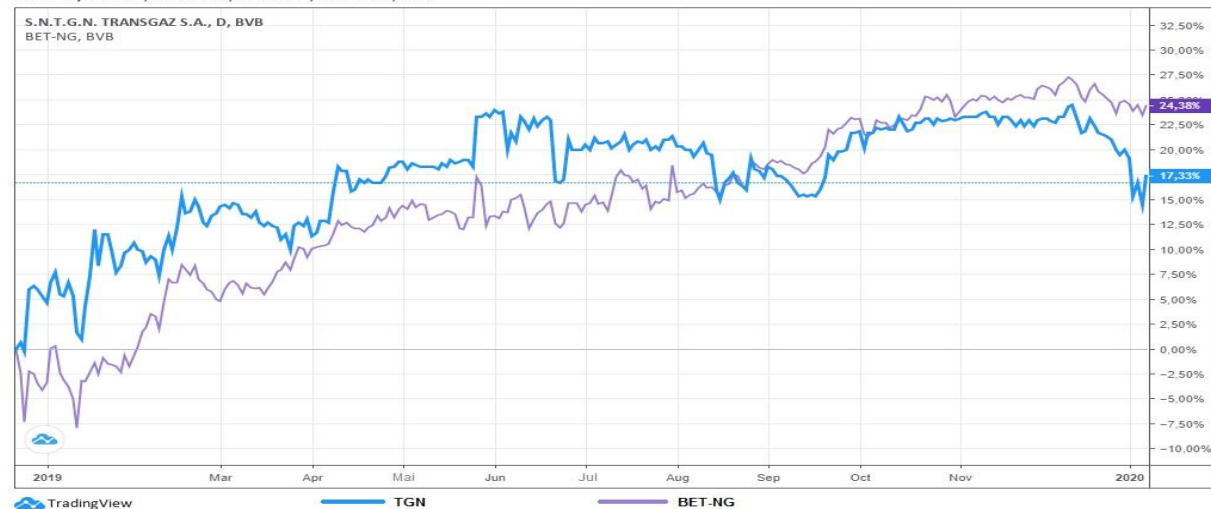


Stock Exchange TGN Evolution (3)

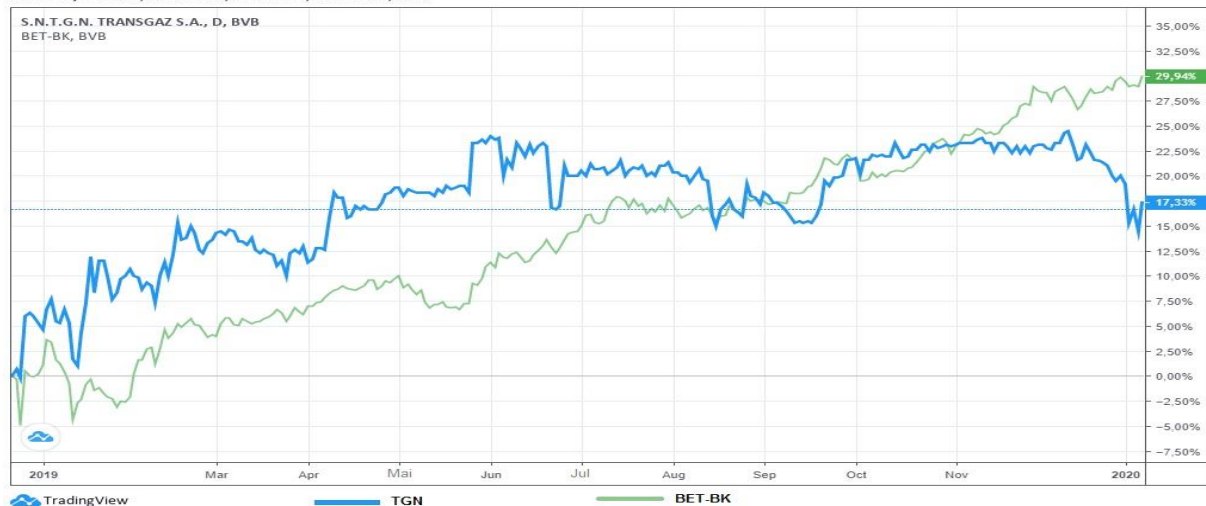
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Published on TradingView.com, January 10, 2020 13:07:38 EET
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Published on TradingView.com, January 10, 2020 13:19:45 EET
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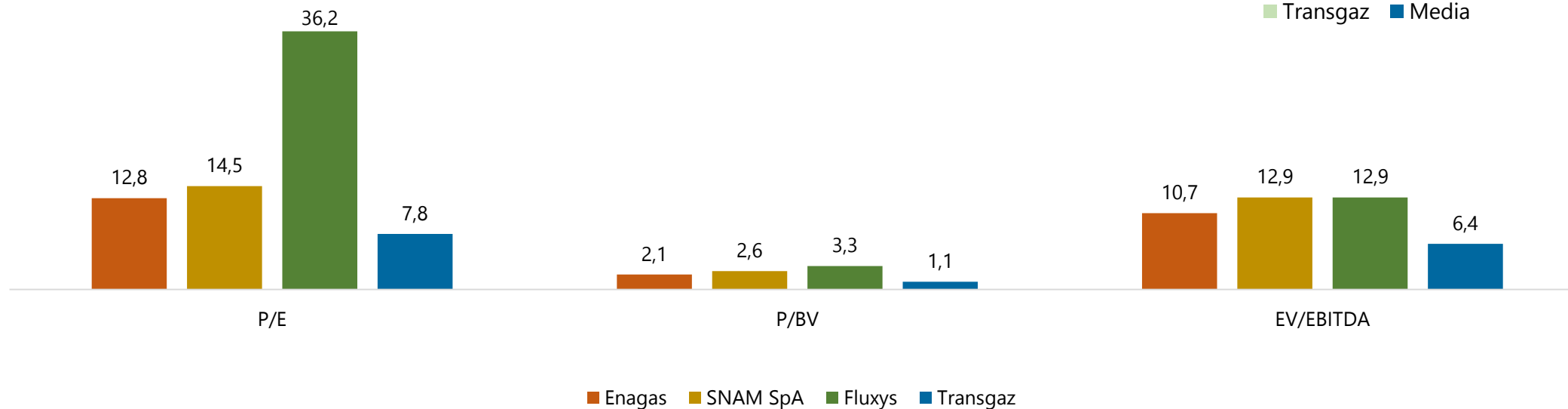
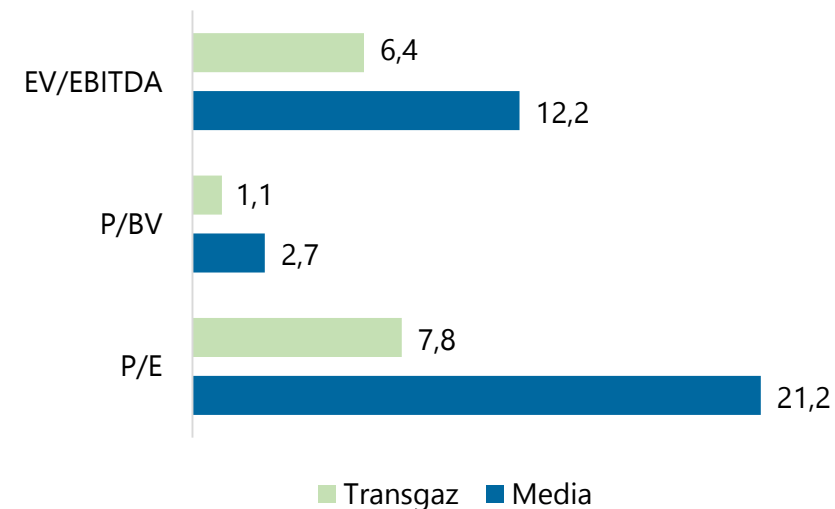
Published on TradingView.com, January 10, 2020 13:02:42 EET
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TRANSGAZ COMPARED TO PEERS

Company		P/E	P/BV	EV/EBITDA
Enagas	Spain	12,8	2,1	10,7
SNAM SpA	Italy	14,5	2,6	12,9
Fluxys	Belgium	36,2	3,3	12,9
Media		21,2	2,7	12,2
Transgaz	Romania	7,8	1,1	6,4
Premium /Discount		63%	61%	47%

Source: Bloomberg, 22.01.2020





Thank you for your kind attention!