

**A RESPONSIBLE COMPANY, A COMPANY OF THE FUTURE!**

**INTERIM FINANCIAL STATEMENTS FOR 1H 2020 (UNAUDITED)**



**Prepared in accordance with IFRS - UE**



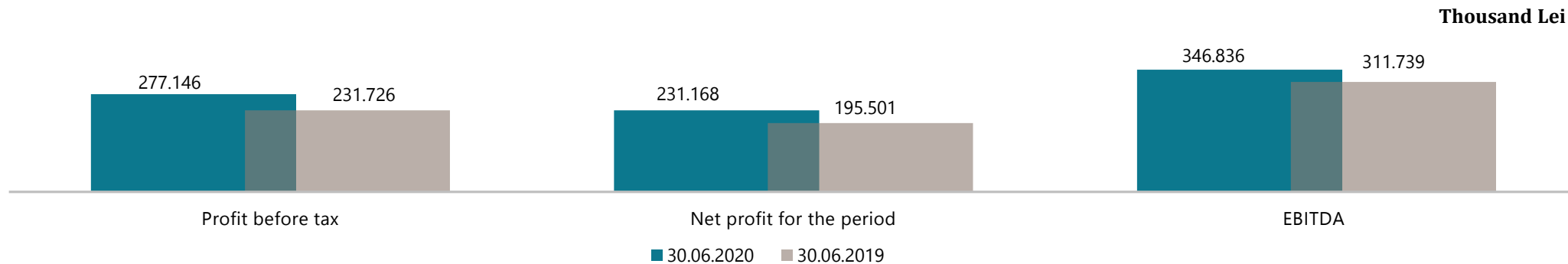
## Summary

- 
1. Interim Income statement as of 30.06.2020
  2. Interim Balance sheet as of 30.06.2020
  3. Main revenue drivers
  4. Main costs drivers
  5. Main business drivers
  6. Main indicators
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# 1. Interim income statement as of 30.06.2020 (1)

## MAIN INDICATORS

THOUSAND LEI	30.06.2020	30.06.2019	CHANGES 1H2020/1H2019	
			Absolute	Relative
Operational income before the balancing and construction activity according to IFRIC12	759.029	774.994	-15.965	97,94%
Revenue from the balancing activity	111.953	183.208	-71.256	61,11%
Income from the construction activity according to IFRIC12	673.000	297.898	375.102	225,92%
Financial income	42.417	33.199	9.218	127,77%
Operational costs before the balancing and construction activity according to IFRIC12	517.072	560.033	-42.961	92,33%
Cost of balancing gas	111.953	183.208	-71.256	61,11%
Cost of assets constructed according to IFRIC12	673.000	297.898	375.102	225,92%
Financial expenses	7.228	16.433	-9.205	43,98%
<b>Profit before tax</b>	<b>277.146</b>	<b>231.726</b>	<b>45.419</b>	<b>119,60%</b>
Profit tax expense	45.978	36.225	9.752	126,92%
<b>Net profit for the period</b>	<b>231.168</b>	<b>195.501</b>	<b>35.667</b>	<b>118,24%</b>
<b>EBITDA</b>	<b>346.836</b>	<b>311.739</b>	<b>35.097</b>	<b>111,26%</b>
Turnover	851.174	938.808	-87.634	90,67%

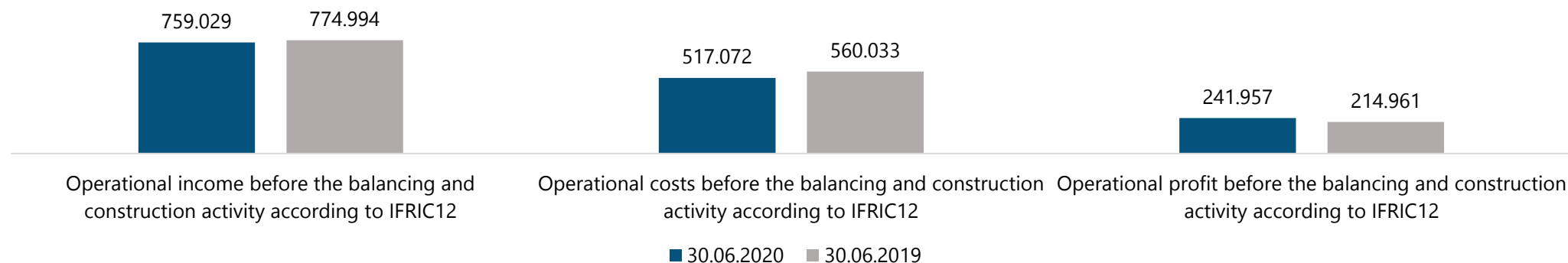


# 1. Interim income statement as of 30.06.2020 (2)

## MAIN INDICATORS

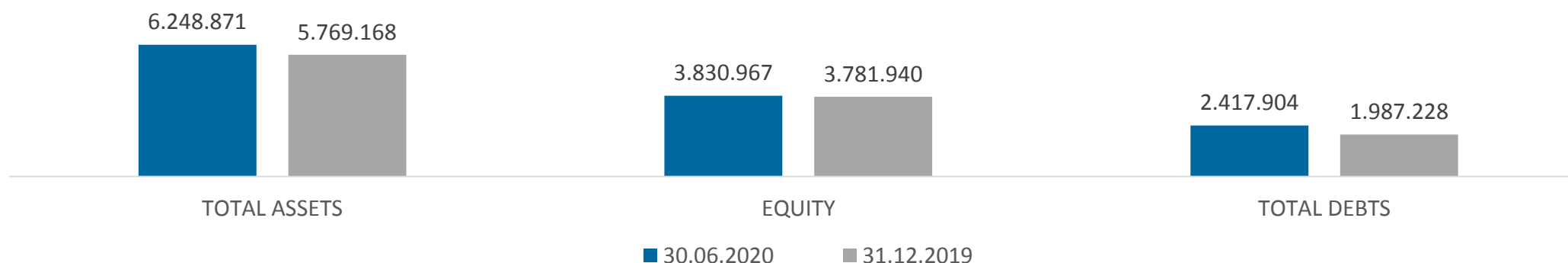
THOUSAND LEI	30.06.2020	30.06.2019	CHANGES 1H2020/1H2019	
			Absolute	Relative
Revenues from domestic gas transmission activity	677.824	582.317	95.507	116,40%
Revenues from international gas transmission activity	59.231	170.431	-111.200	34,75%
Other revenues	21.974	22.246	-272	98,78%
<b>Operational income before the balancing and construction activity according to IFRIC12</b>	<b>759.029</b>	<b>774.994</b>	<b>-15.965</b>	<b>97,94%</b>
Employees costs	206.906	189.003	17.903	109,47%
Technological consumption, materials and consumables used	49.996	58.981	-8.985	84,77%
Expenses with royalties	73.705	75.275	-1.569	97,92%
Maintenance and transport	9.282	10.777	-1.495	86,13%
Taxes and other amounts owed to the State	31.994	48.026	-16.032	66,62%
Revenues/ Expenses with provision for risks and expenses	-7.863	-7.996	133	98,33%
Other operating expenses	48.172	89.188	-41.016	54,01%
Depreciation	104.878	96.778	8.100	108,37%
<b>Operational costs before the balancing and construction activity according to IFRIC12</b>	<b>517.072</b>	<b>560.033</b>	<b>-42.961</b>	<b>92,33%</b>
<b>Operational profit before the balancing and construction activity according to IFRIC12</b>	<b>241.957</b>	<b>214.961</b>	<b>26.996</b>	<b>112,56%</b>

Thousand Lei

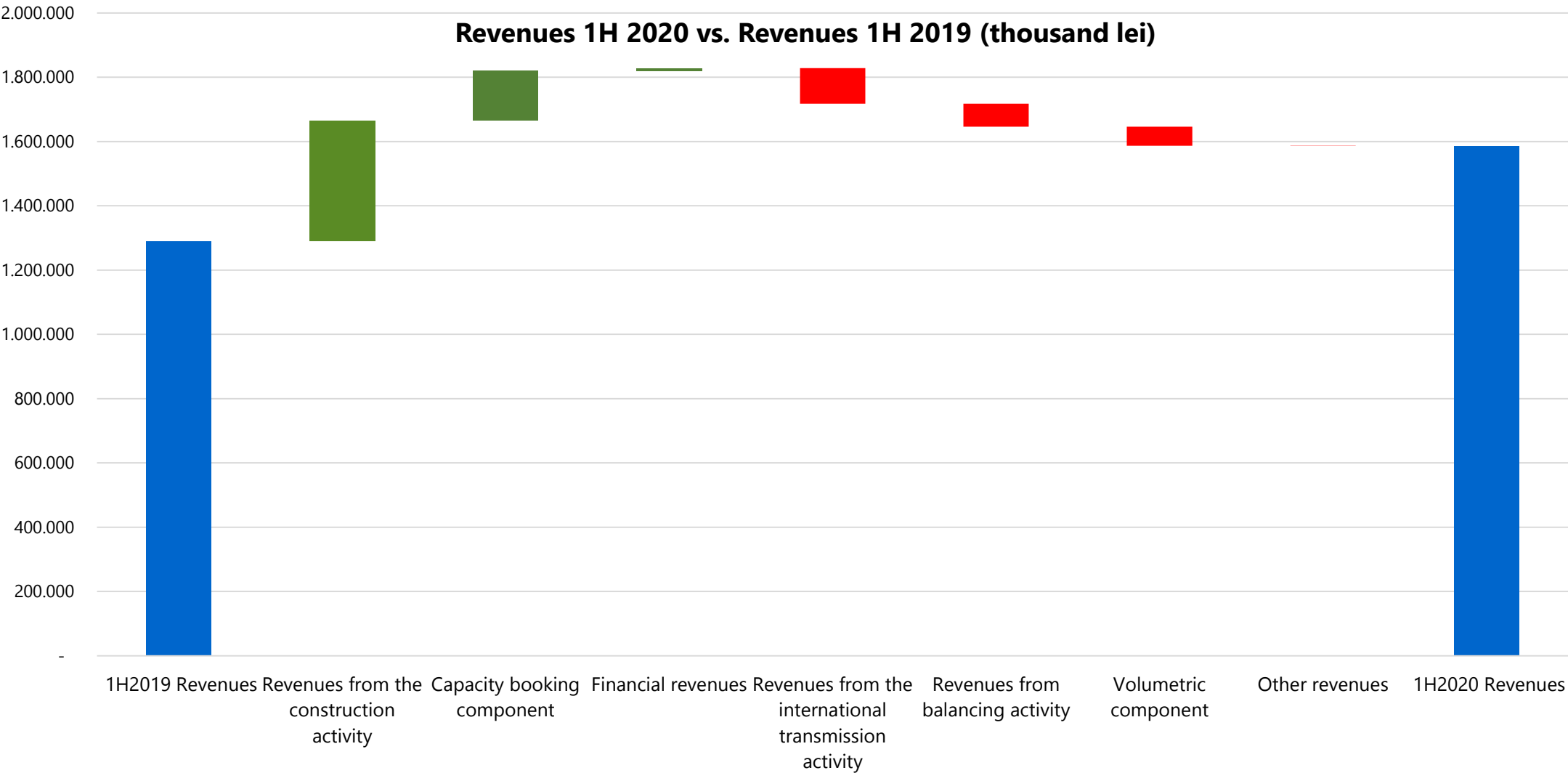


## 2. Interim Balance Sheet as of 30.06.2020

THOUSAND LEI	30.06.2020	31.12.2019	CHANGES	
			Absolute	Relative
FIXED ASSETS	5.214.185	4.484.129	730.055	116,28%
CURRENT ASSETS	1.034.686	1.285.039	-250.353	80,52%
<b>TOTAL ASSETS</b>	<b>6.248.871</b>	<b>5.769.168</b>	<b>479.702</b>	<b>108,31%</b>
<b>EQUITY</b>	<b>3.830.967</b>	<b>3.781.940</b>	<b>49.027</b>	<b>101,30%</b>
LONG TERM DEBTS	1.680.470	1.489.789	190.681	112,80%
CURRENT DEBTS	737.433	497.439	239.994	148,25%
<b>TOTAL DEBTS</b>	<b>2.417.903</b>	<b>1.987.228</b>	<b>430.676</b>	<b>121,67%</b>
<b>TOTAL EQUITY AND DEBTS</b>	<b>6.248.871</b>	<b>5.769.168</b>	<b>479.702</b>	<b>108,31%</b>



### 3. Main revenue drivers (1)



### 3. Main revenue drivers (2)

1H2020 compared to 1H2019

**Operating revenue before the balancing and construction activity, according to IFRIC12** decreased by **2%** as compared to Semester I 2019, which is lower by **lei 15.965 thousand**

The revenue was influenced mainly by the following factors:

- *revenue from capacity booking* higher by **lei 155.058 thousand** due to:
  - capacity booking tariff higher by 9.250.046 MWh, with a positive influence of lei 20.131 thousand;
  - booked capacities higher by 0,67 lei/MWh, with a positive influence of lei 134.927 thousand, increase mainly determined by the invoicing of revenue from the auction premium, following the capacity booking auctions performed according to the CAM-NC by interconnection points;
- *commodity component revenue* lower by **lei 59.551 thousand** due to:
  - the commodity transmission tariff lower by lei 0,74 lei/MWh, with a negative influence of lei 51.931 thousand;
  - the gas transmitted capacities lower by 3.318.172 MWh/337.992 thousand cm (▼5%), as compared Semester I 2019, with a negative influence of lei 7.620 thousand, detailed by categories of consumers as follows:

		6 months 2019	6 months 2020	Differences
Quantity transmitted for direct consumers	MWh	27.775.663	26.331.627	-1.444.036
	thousand m <sup>3</sup>	2.607.415	2.456.197	-151.218
Quantity transmitted for distribution	MWh	45.504.092	43.629.956	-1.874.136
	thousand m <sup>3</sup>	4.238.520	4.051.746	-186.774
Total	MWh	73.279.756	69.961.583	-3.318.172
	thousand m <sup>3</sup>	6.845.935	6.507.943	-337.992

The tariffs decreased in 01.01-30.06.2020 as compared to 01.01-30.06.2019 was mainly triggered by:

- 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;
- the nonrecognition of the monopoly tax by ANRE in the category of the costs passed-through and implicitly in the regulated revenue at the substantiation of the tariffs for gas year 2019-2020.

### 3. Main revenue drivers (3)

1H2020 compared to 1H2019

- *international gas transmission revenue* lower by **lei 111.200 thousand** due to the termination of the transmission contract with Gazprom Export Ltd for the Isaccea 2 - Negru Voda 2 pipeline and regulation of the Isaccea 1 – Negru Voda 1 pipeline transmission revenue according to the methodology approved by ANRE Order 41/2019 following the connection of this pipeline to the National Transmission System from 1 October 2019;
- *other operating revenue* lower by **lei 272 thousand**.

*Revenue from the balancing activity* decreased by **lei 71.256 thousand** based on the following factors:

- trading price lower by lei 41,74 lei/MWh, with a negative influence of lei 73.278 thousand.
- quantity higher by 19.165 MWh with a positive influence of lei 2.022 thousand.

*Revenue from the construction activity* higher by **lei 375.102 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.

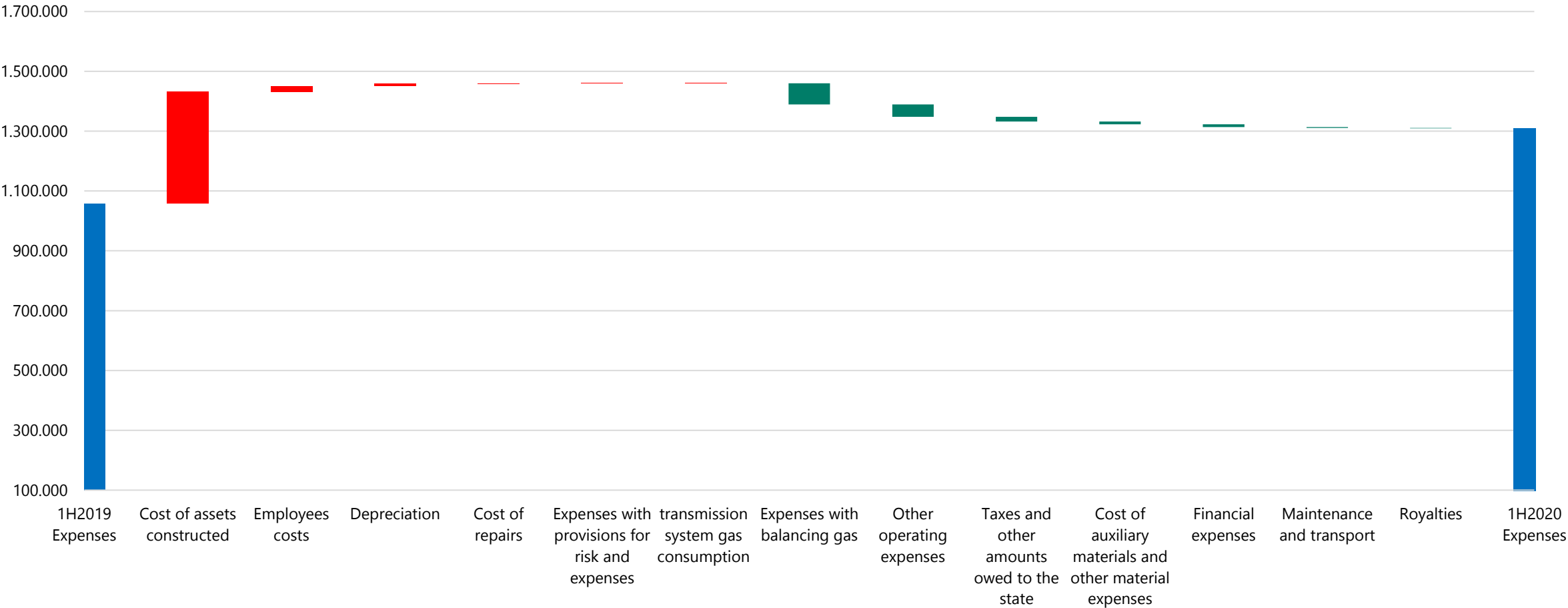
*Financial revenue* has a positive influence of **lei 9.218 thousand due to the** increasing of exchange gain.

	1H 2019	1H 2020
Revenues from the domestic transmission activity, due to:	582.317	677.824
- Volumetric component	165.193	105.642
- Capacity booking component	417.124	572.182



# 4. Main costs drivers (1)

Expenses 1H 2020 vs. 1H 2019 (thousand lei)



## 4. Main costs drivers(2)

1H2020 compared to 1H2019

**Operating costs before the balancing and construction activity according to IFRIC12** decreased by **8%** as compared to Semester I 2019, which is lower by **lei cu 42.961 thousand**.

**The company made savings of lei 70.682 thousand**, in relation to the following cost elements:

- *other operating costs*: lei 41.016 thousand, mainly based on the decreasing of the cost of the adjustment for impairment of current assets, compared to Semester I 2019;
- *cost of taxes and amounts due to the state*: lei 16.032 thousand;
- *costs of NTS concession royalty*: lei 1.569 thousand;
- *cost of auxiliary materials and other material costs*: lei 9.113 thousand;
- *cost of maintenance and transmission*: lei 2.952 thousand.

**Exceedings amounting to lei 27.721 thousand** were recorded to the following cost elements:

- *transmission system gas consumption* amounting to **lei 128 thousand**, due to the following:
  - average purchase price higher by lei 9,06/MWh as compared to the one obtained in Semester I 2020, with a negative influence of lei 3.246 thousand;
  - amount of gas for NTS gas consumption lower by 30.921 MWh as compared to Semester I 2019 , with a positive influence of LEI 3.118 thousand;

		30.06.2020	30.06.2019	Diferențe
Gas consumption quantities in NTS	MWh	358.118	389.039	-30.921
	thousand m <sup>3</sup>	35.302	36.517	-1.215

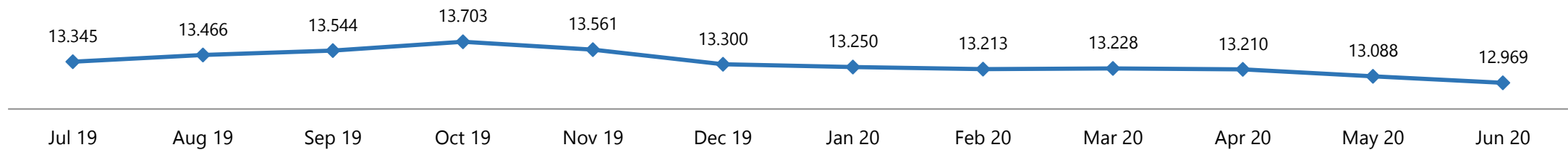
- *costs of personnel*: lei 17.903 thousand;
- *cost of depreciation*: lei 8.100 thousand;
- *cost of provision for risks and charges*: lei 133thousand;
- *cost of repairs*: lei 1.457 thousand .

**The financial cost** is lower by **lei 9.205 thousand** based on the increasing of the foreign exchange loss.

**As compared to Semester I 2019 the gross profit obtained in Semester I 2020 increased by 20%, which is higher by lei 45.419 thousand.**

## 5. Main business drivers (1)

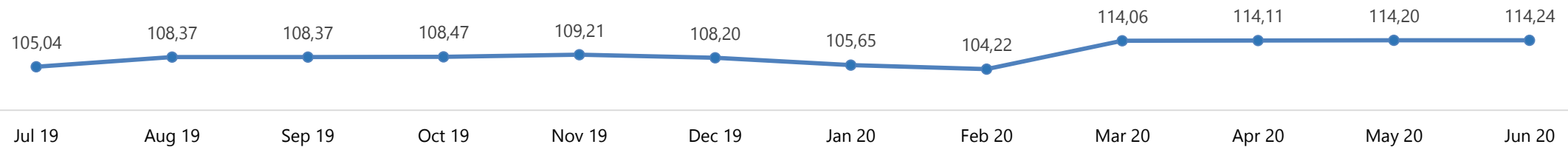
**Natural gas volumes circulated (including storage quantities) - mil.cm - rolling 12 months**



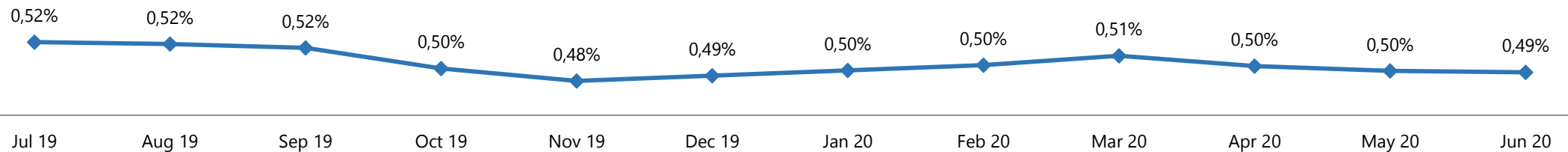
		1Q 2019	2Q 2019	1Q 2020	2Q 2020
Gaze vehiculat, din care:  - înmagazinare	MWh	45.054.044,385	28.562.914,237	44.364.276,697	25.819.240,998
	thousand m <sup>3</sup>	4.211.546,462	2.668.781,366	4.139.811,568	2.401.074,140
	MWh	398.246,000	11.330.118,539	440.750,000	6.350.866,660
	thousand m <sup>3</sup>	37.854,191	1.068.903,937	40.748,688	598.729,275
Circulated gas storage share		0,88%	39,67%	0,99%	24,60%

## 5. Main business drivers (2)

**Aquisition price (RON/MWH) for gas consumption in NTS (RON/MWH)**



**Natural gas consumption in NTS in total circulated gas volumes (rolling 12 months)**



		1Q 2019	2Q 2019	1Q 2020	2Q 2020
<b>Natural gas consumption in NTS, materials and consumables used, of which:</b>	thousand lei	30.306	28.675	30.643	19.353
▪ <b>technological consumption and loss in NTS</b>	thousand lei	22.422	16.807	25.883	13.473
▪ <b>technological consumption quantity</b>	MWh	224.309	164.730	240.122	117.996
▪ <b>auxiliary materials</b>	thousand lei	6.703	10.902	3.814	5.327
▪ <b>other material costs</b>	thousand lei	1.181	967	946	553



- ❑ over 13,400 km of main gas transmission pipelines and connections for gas supply, of which 369 km international gas transmission pipelines;
- ❑ 1,126 gas metering stations (1.230 metering directions);
- ❑ 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;
- ❑ 904 gas odorization units.

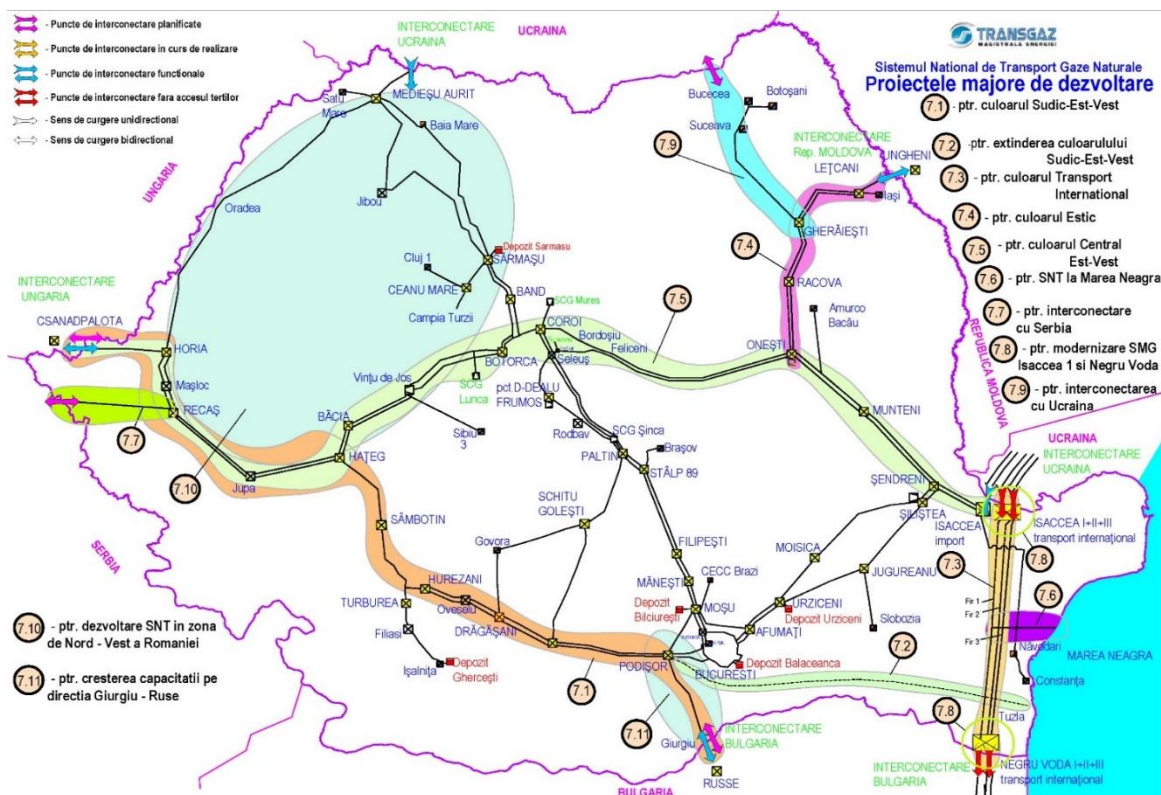
## FUTURE NTS INFRASTRUCTURE

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

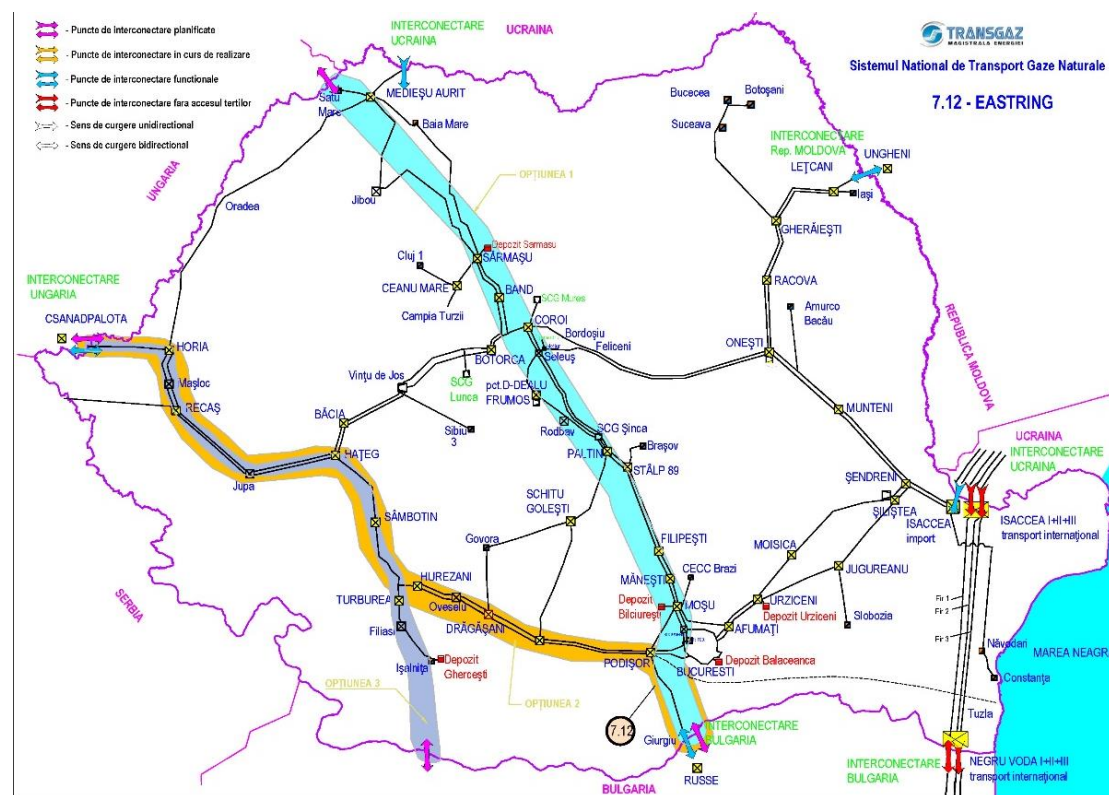
Significant investments are needed for the construction of new connections, rehabilitate of parts of the existing system, and construction of new compressor stations.



## MAJOR PROJECTS



## EASTRING

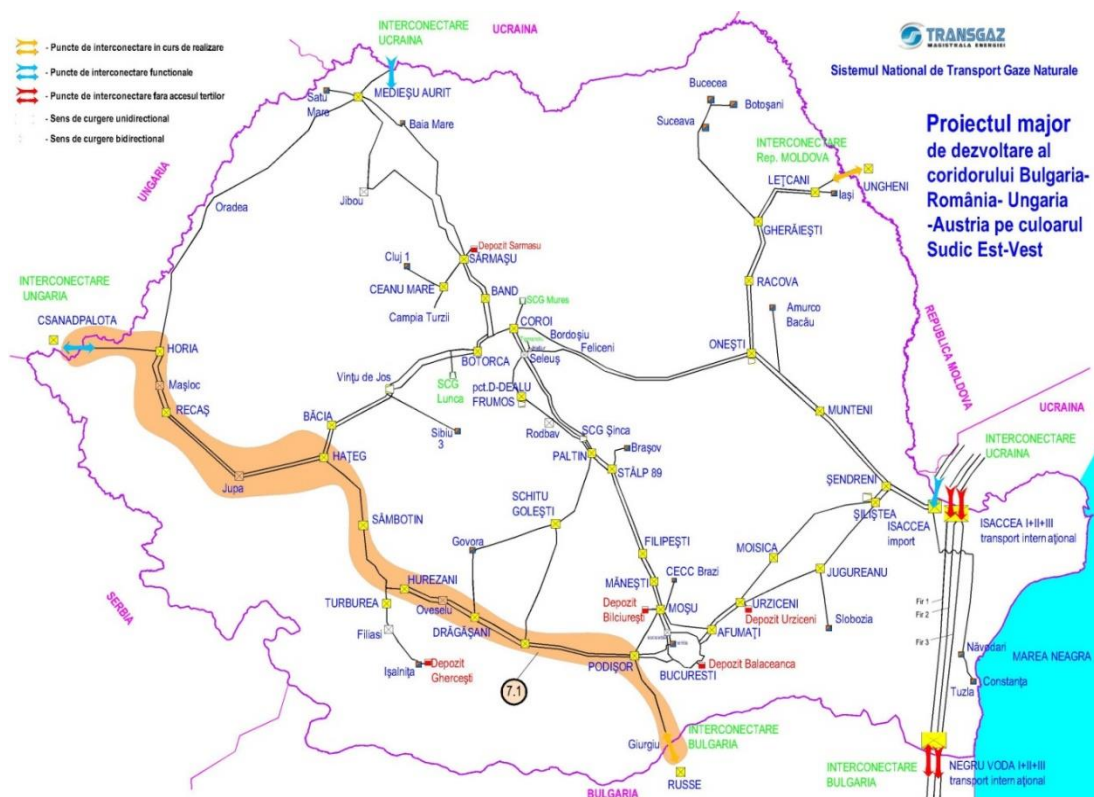


**4,03 BILLION EURO**

Project no	Project	Estimated value mil. Euro	Completion date	Project importance	Project status
7.1.1	Development on Romania's territory of the National Gas Transmission System on the <b>Bulgaria - Romania - Hungary - Austria Corridor (Phase I)</b>	478,6	2020	Ensuring a natural gas transmission capacity to Hungary of 1.75 bcm/y and 1.5 bcm/y to Bulgaria. The project importance at European Union level is reflected by the nomination of the "Gas pipeline from Bulgaria to Austria via Romania and Hungary" project both on the first and on the second and third list of common interest projects.	FID
7.1.2	Development on Romania's territory of the National Gas Transmission System on the <b>Bulgaria - Romania - Hungary - Austria Corridor (Phase II)</b>	74,5	2022	Ensuring a natural gas transmission capacity to Hungary of 4.4 bcm/y and 1.5 bcm/y to Bulgaria. The project importance at European Union level is reflected by the nomination of the "Gas pipeline from Bulgaria to Austria via Romania and Hungary" project both on the first and on the second and the third list of common interest projects.	A non FID
7.2	Development on Romania's territory of the <b>Southern Transmission Corridor</b> for taking over the natural gas from the Black Sea coast	371.6	2022	Taking-over the natural gas to be produced in the Black Sea (NTS) for its transmission to the Romanian and European markets is of strategic importance to Transgaz. The project importance at European Union level is reflected by nominating the Project on the 2nd and 3rd list of common interest projects.	A non FID
7.3	<b>Interconnection of the national gas transmission system with the international natural gas pipeline T1</b> and Isaccea reverse flow.	<b>77,7</b> Phase I: 8,8 Phase II: 68,9	Phase 1: 2018 Phase 2: 2020	Transgaz has a great interest in implementing this project for the following grounds: <ul style="list-style-type: none"> <li>in order to eliminate the possibility of imposing extremely costly financial penalties by the European Commission;</li> </ul> We mention that this project is part of the first, second and third list of common interest projects at EU level and will be carried out in two phases.	FID
7.4	<b>Developments of the NTS in the North - East area of Romania</b> in order to improve the natural gas supply of the area and to ensure the transmission capacities to the Republic of Moldova	174,25	2021	Ensuring a gas transmission capacity of 1.5 bcm/y at the interconnection point between the Romanian and Moldova Republic gas transmission systems.	FID
7.5	<b>Amplification</b> of the bidirectional gas transmission <b>corridor Bulgaria - Romania - Hungary - Austria (BRUA Phase III) *</b>	530	2025	Depending on the Black Sea offshore production increase further development of the network is considered, such as: an additional route through the center of Romania and a new interconnection with Hungary.	LA non FID
7.6	<b>NTS new developments to take-over the gas from the Black Sea coast.</b>	9,14	2021	Creating an additional point for taking over the natural gas from the Black Sea offshore exploitation perimeters.	FID
7.7	<b>Romania-Serbia Interconnection</b>	56.21	2021	Establish an interconnection pipeline with Serbia to diversify sources of supply and increase energy security in the region.	A non FID

Project no.	Project	Estimated value mil. Euro	Completion date	Project importance	Project status	Financing sources (mil. Euro)
7.8	<b>Upgrading GMS Isaccea 1 and Negru Vodă 1</b>	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	<b>Interconnection</b> of the national gas transmission system with the natural gas transmission system of Ukraine, <b>Gherăești-Siret</b>	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	<b>Development/Upgrading</b> of the gas transmission infrastructure in the <b>North-Western</b> 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	<b>Increase in the gas transmission capacity of the interconnection Romania-Bulgaria, in the Giurgiu-Ruse direction</b>	51,8	2027	Improving the natural gas supply of the area.	LA non FID	Own sources : 18,13 Attracted sources: 33,67
7.12	<b>Eastring-Romania</b>	Phase 1: 1.297 Romania Phase 2: 357 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





## 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 Podișor-Recaș pipeline
- 3 compressor stations: Podișor CS, Bibești CS and Jupa CS were completed

## Total estimated costs:

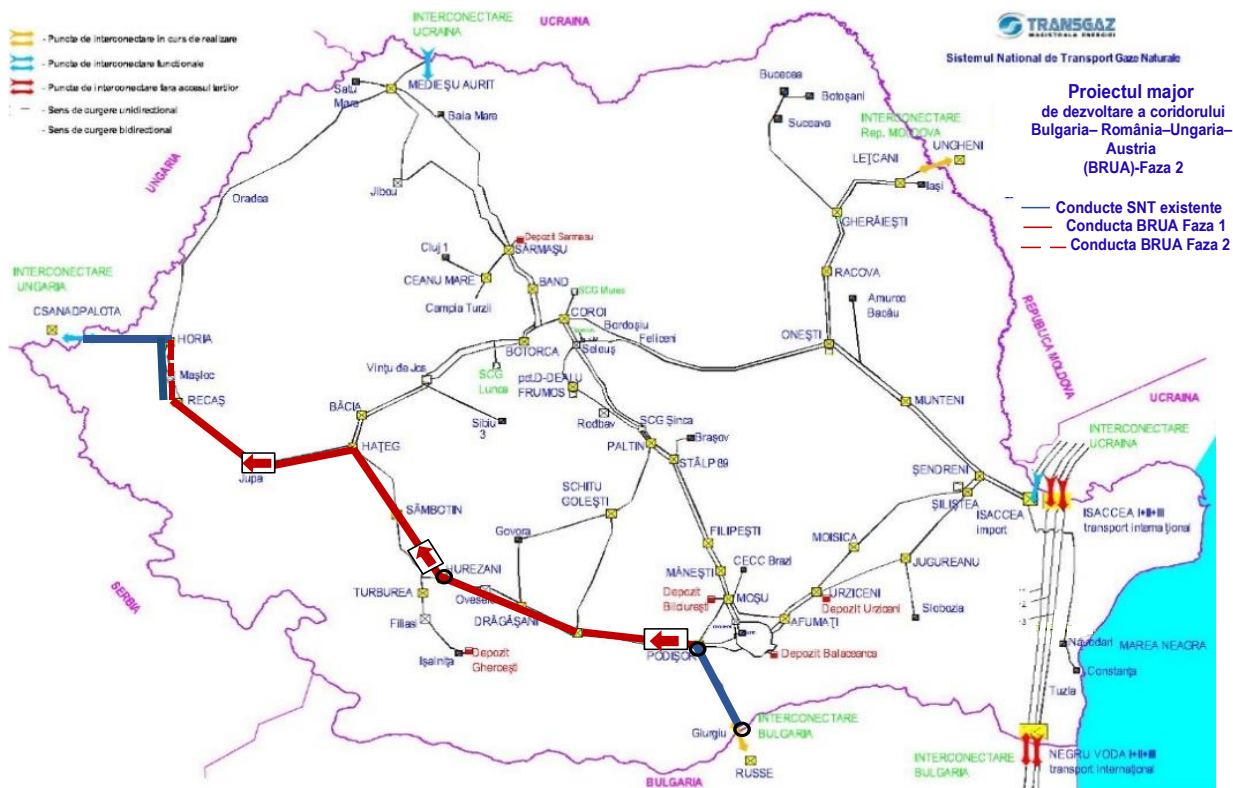
- 478,6 mil. Euro

**EU contribution : 179 mil. Euro**

**Final investment decision – 2016**

**Estimated commissioning-2020**

**Romanian connection to the neighboring transit**



**Estimated commissioning-2022**

## Aim:

- the project aims to increase the gas flow to Hungary through the Horia - Csanádpalota interconnector

## Capacity increase:

- from 1,75 bcm/y to 4,4 bcm/y to Hungary

## Necessary investments:

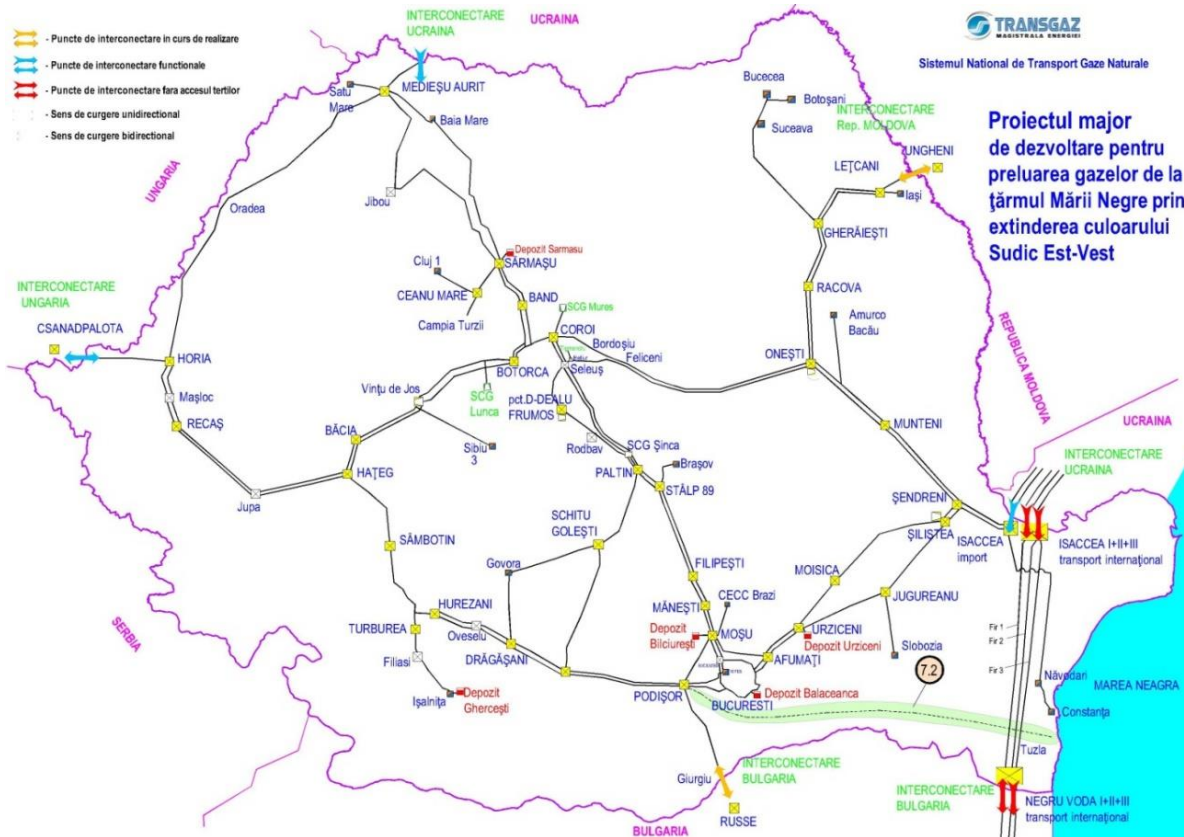
- 32"x63 bar ~50 km Recaş-Horia pipeline
- increasing the capacity of the three existing compressor stations (Jupa, Bibești, Podișor) by mounting an additional compressors in each station extension of Horia GMS
- GMS Horia amplification

## Total estimated costs:

- 74,5 mil. Euro** (updated according to the latest project file)

**Romanian connection to the neighboring transit**

*Completion of Phase 2 depends on the successful completion of the binding Open Season procedure for the reservation of capacity at IP Csanádpalota and the timetable for this procedure.*



**Estimated commissioning 2022**  
(updated according to the latest project file)

**Aim:**

- create a transmission infrastructure for taking over to be produced in the Black Sea

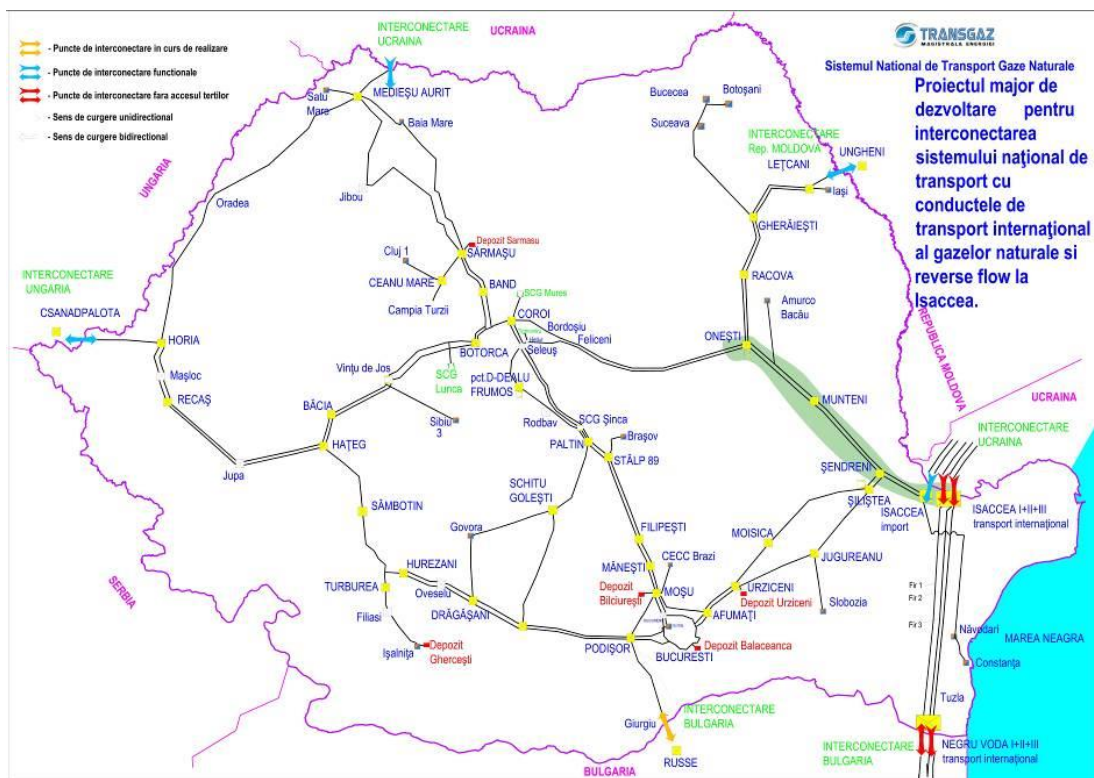
### Necessary investments:

- 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:**

- **371,6 mil. Euro** (updated according to the latest project file)





## 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:

### Phase1

- rehabilitation of Dn800 Onești - Cosmești pipeline
- Isaccea interconnection

### Phase 2

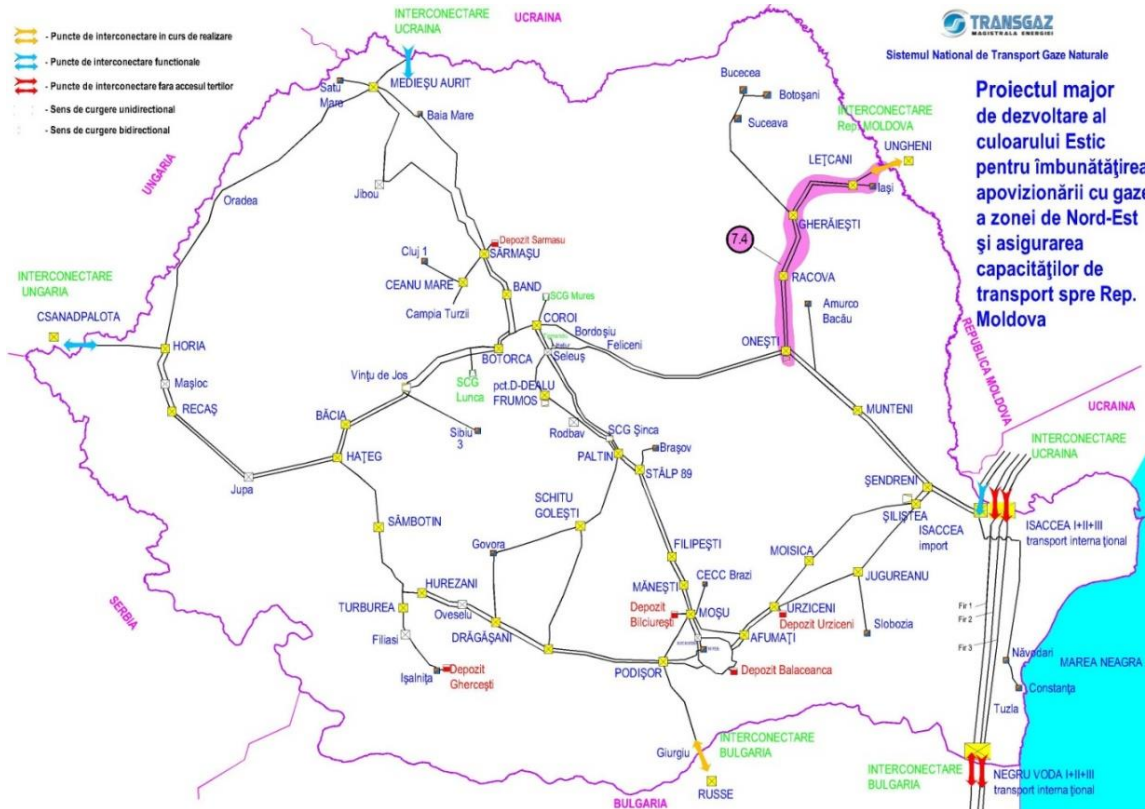
- upgrading of Siliștea CS, Siliștea TN
- upgrading of Onești CS, Onești TN
- upgrading of Șendreni CS, Șendreni TN

## Total estimated costs:

- **77,7 mil. Euro**

**Final investment decision – 2018**

**Commissioning -2018 – Phase I  
 Commissioning-2020 – Phase II**



**Estimated commissioning - 2021**

## Aim:

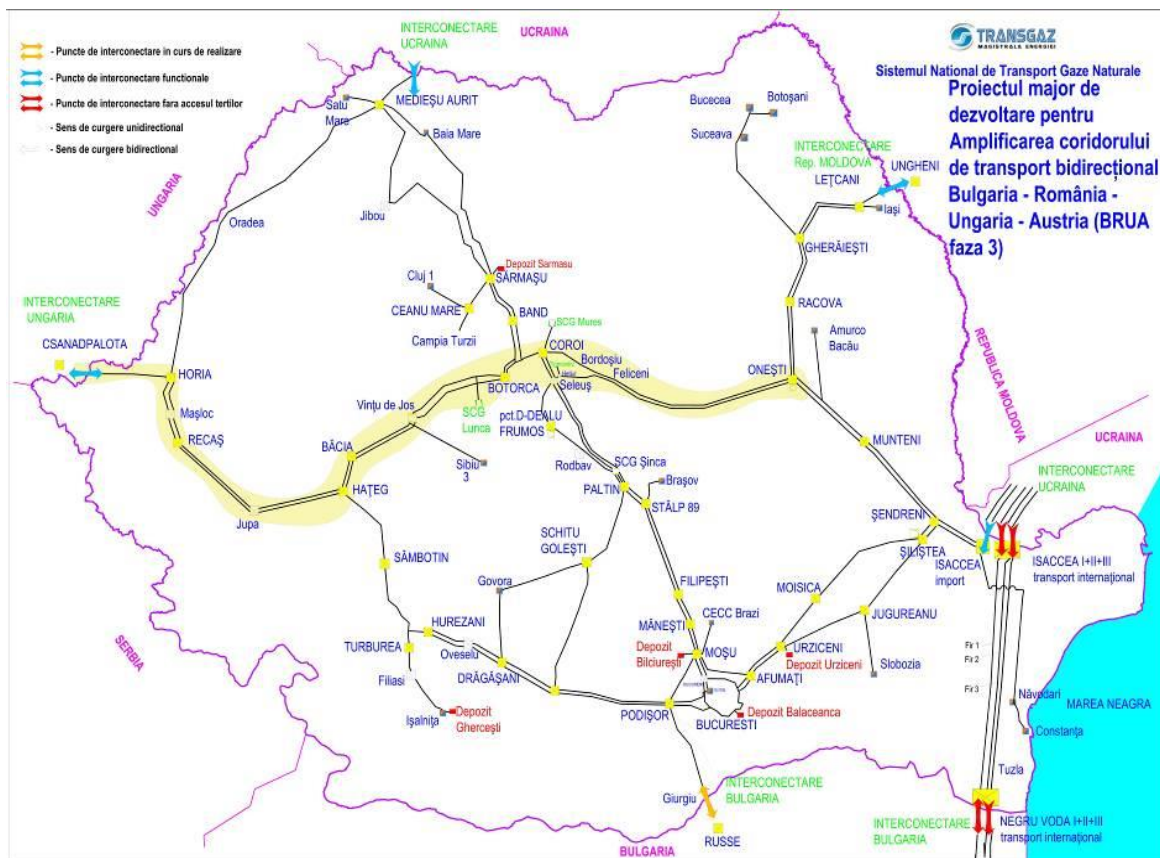
- enhancing gas supply to North – East Romania
- ensuring 1.5 bcm/y transmission capacity at the interconnection point between the transmission systems of Romania and Moldova

## Necessary investments:

- construction of a DN 700x104.1 km pipeline, in the Gherăiești - Lețcani direction
- construction of a DN 700x61.05 km pipeline, in the Gherăiești - Lețcani direction
- construction of a compressor station at Gherăiești of 9.14 MW
- construction of a compressor station at Onesti of 9.14 MW

## Total estimated costs:

- **174,25 mil. Euro**



**Estimated completion date - 2025**

## Aim:

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

## Necessary investments:

- rehabilitation of some pipeline sections part of the NTS
- replacement of existing NTS pipelines with newly installed pipelines parallel to the existing ones
- development of 4 or 5 new gas compressor stations

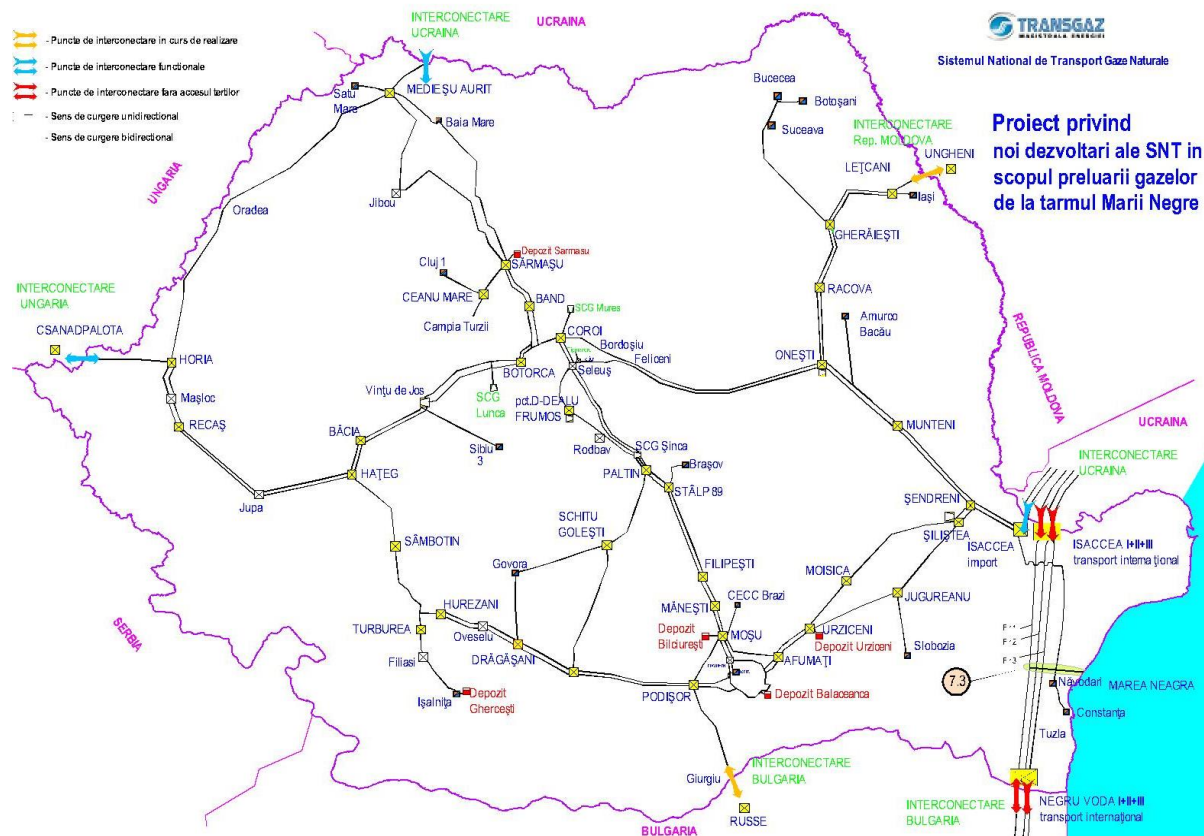
## Capacity increase:

- 4,4 bcm/y to Hungary

## Total estimated costs:

- 530 mil. Euro**





**Estimated commissioning 2021**

## Aim:

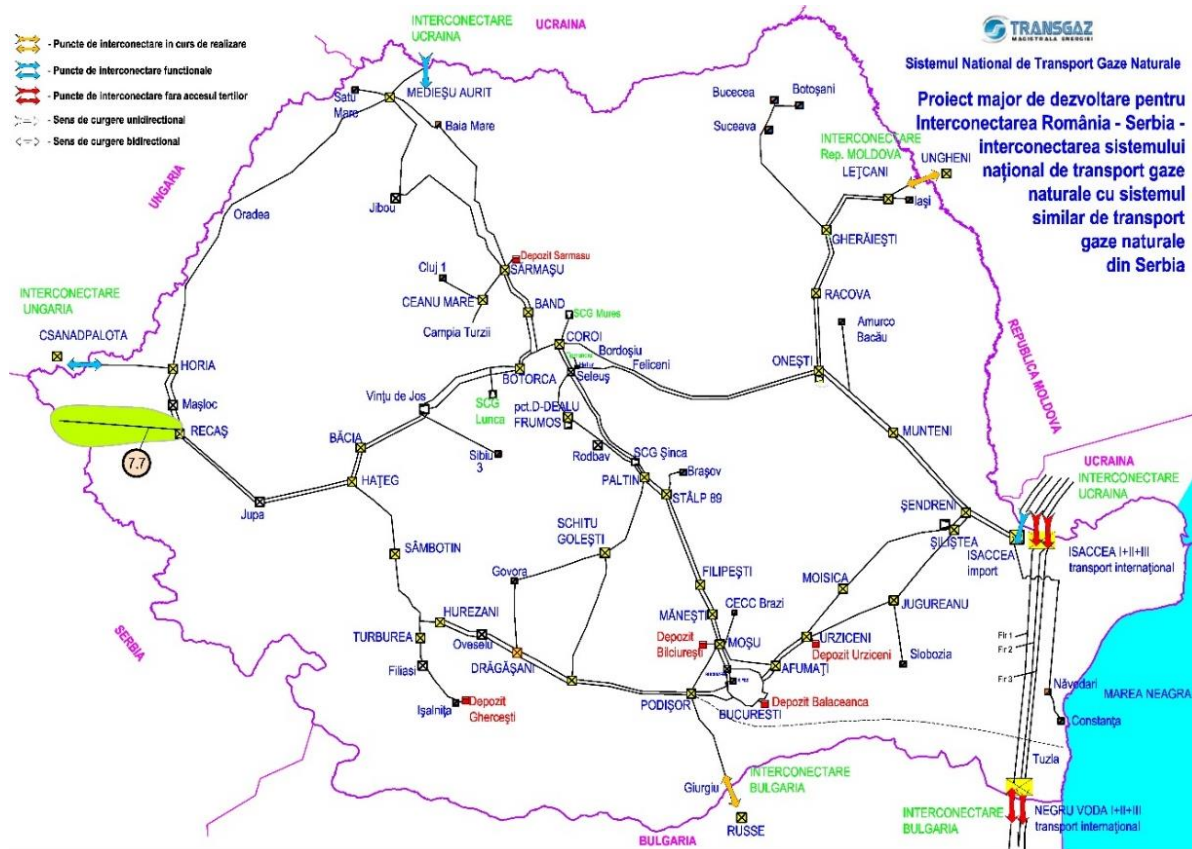
- creation of an additional point for taking over natural gas discovered in the submarine exploitation blocks of the Black Sea

## 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**



## Aim:

- enhancing security of energy supply to the region

## Necessary investments:

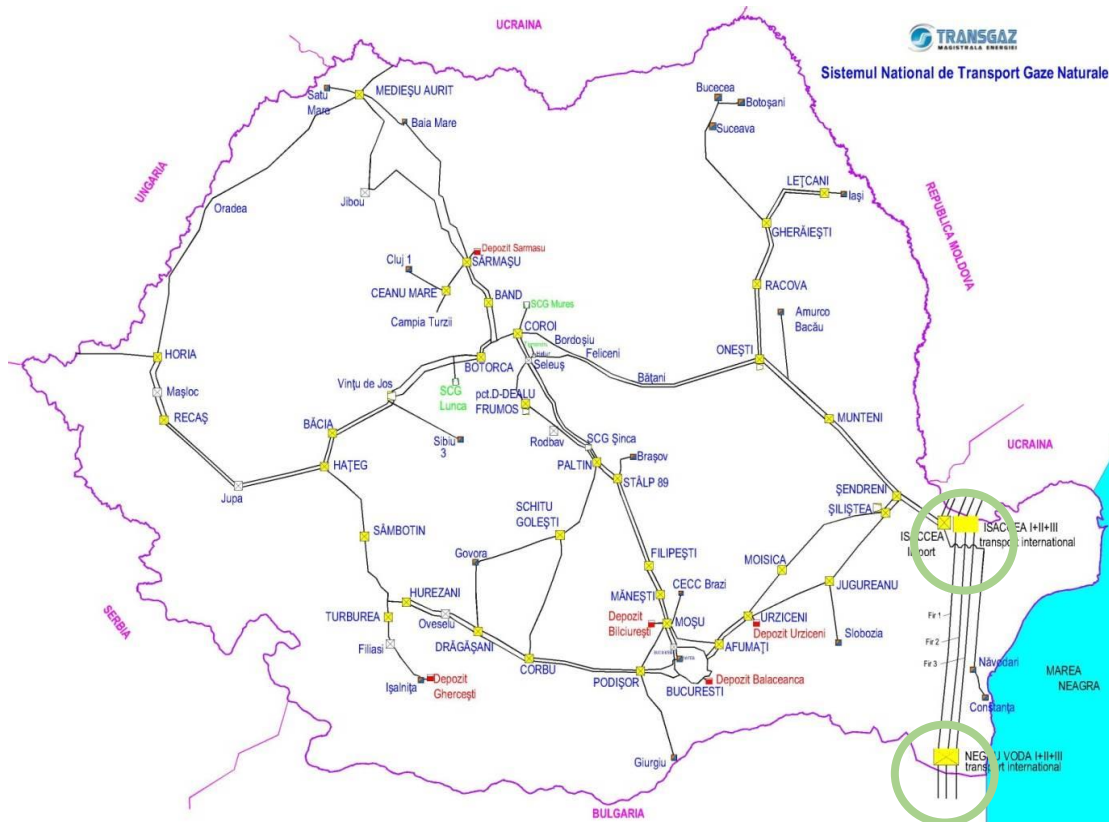
- construction of an approximately 97 km long pipeline in the Recas–Mokrin direction of which about 85 km on the territory of Romania and 12 km on the territory of Serbia, which will be connected to BRUA pipeline
- construction of a GMS at Comloșu Mare

## Total estimated costs:

- 56,21 mil. Euro** (updated according to the latest project file)

**Estimated commissioning-2021**  
 (updated according to the latest project file)





## Aim:

- increasing the level of energy security in the region

## Necessary investments:

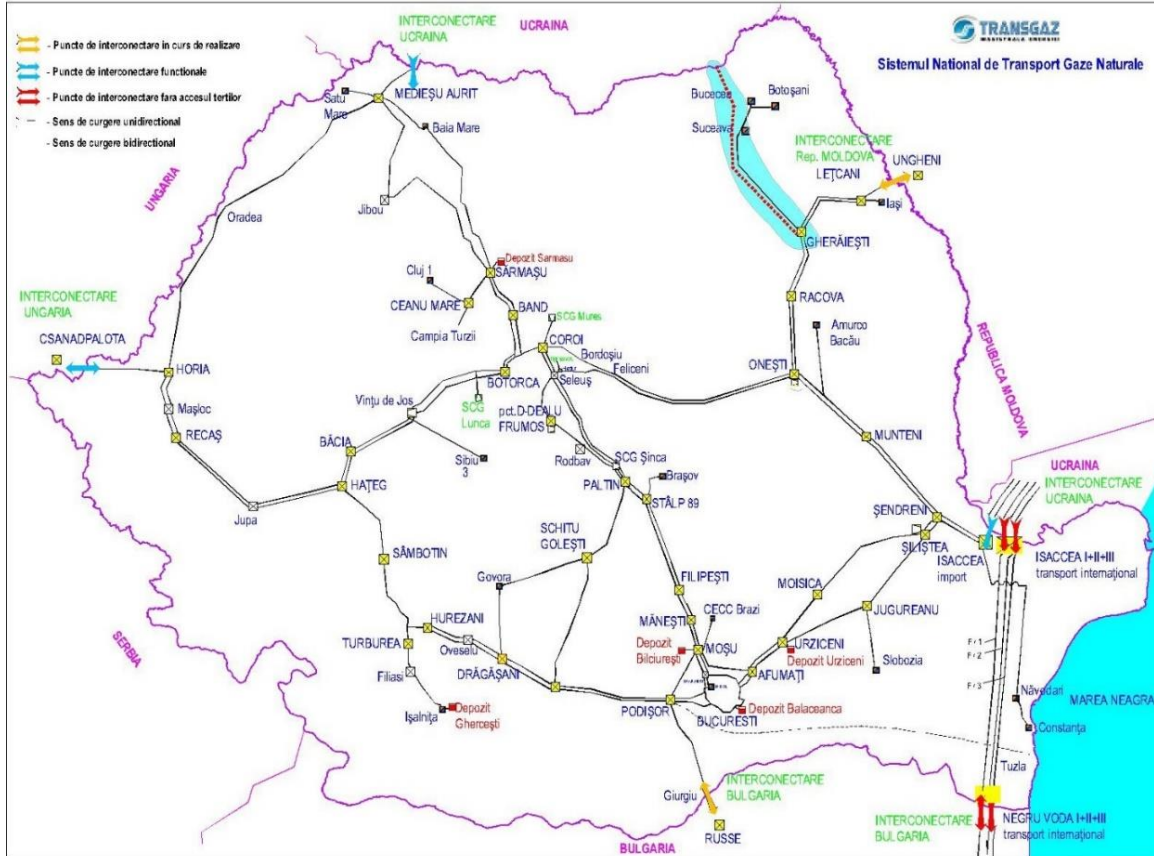
- construction of two new gas metering stations, replacing the existing ones . In the case of GMS Isaccea 1 the station will be built in the current station and in the case of GMS Negru Voda 1 on a location situated close to the location of the existing station

## Total estimated costs (updated according to the latest project file) ~ 26,65 mil.Euro

- 13,88 mil. Euro- upgrading GMS Isaccea 1
- 12,77 mil. Euro– upgrading GMS Negru Vodă 1

**Final Investment Decision – 2018**

**Estimated commissioning – GMS Isaccea 1- 2020  
Estimated commissioning – GMS Negru Vodă 1- 2021**



**Estimated commissioning- 2025**

## Aim:

- increasing energy security to the region.

## Necessary investments:

- the construction of a 130 km gas transmission pipeline and the related facilities, in the Gherăești – Siret direction
- construction of a cross-border gas metering station;
- extension of the Onești and Gherăești compressor stations, if necessary

## Total estimated costs:

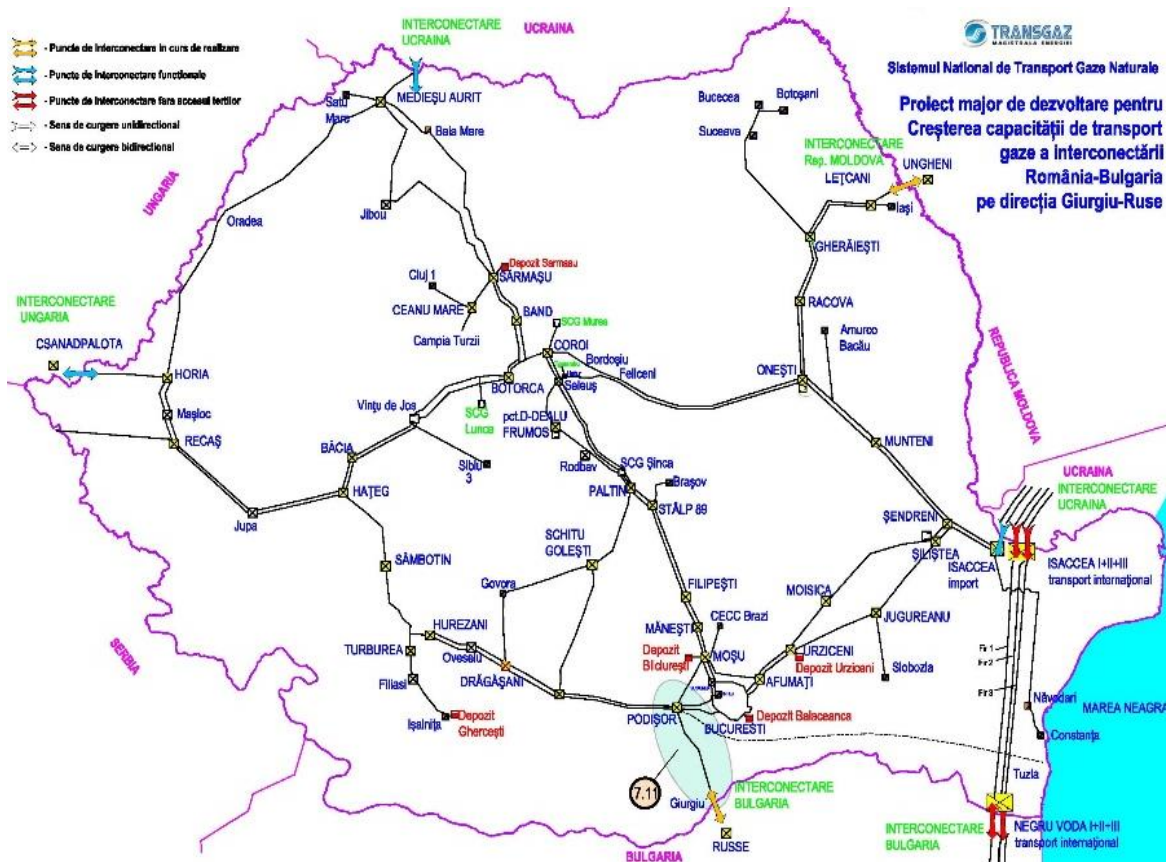
- **125 mil. Euro**



- creation of new gas transmission capacities

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

- **405 mil. Euro**



Estimated commissioning - 2027

## Aim:

- enhancing security of energy supply to the region

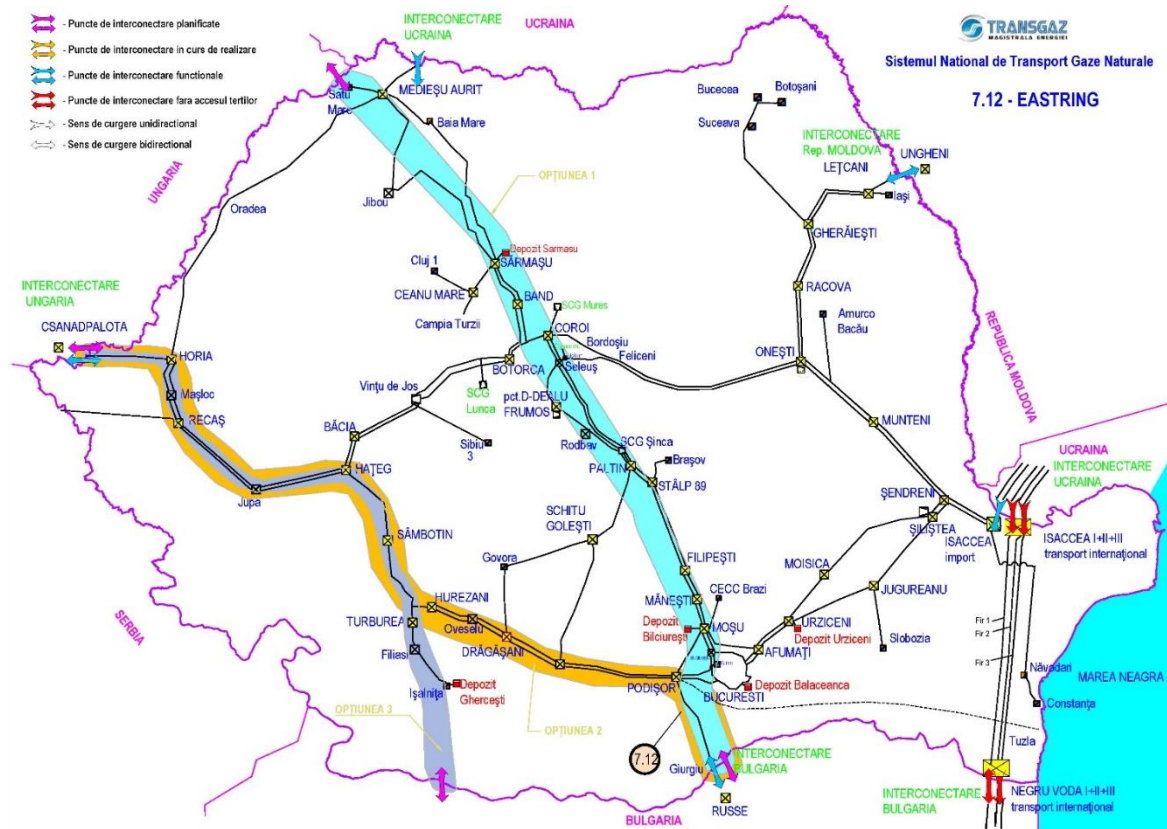
## Necessary investments:

- 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





**Estimated commissioning –**

<b>2025 - Phase 1</b>
<b>2030 - Phase 2</b>

## Aim:

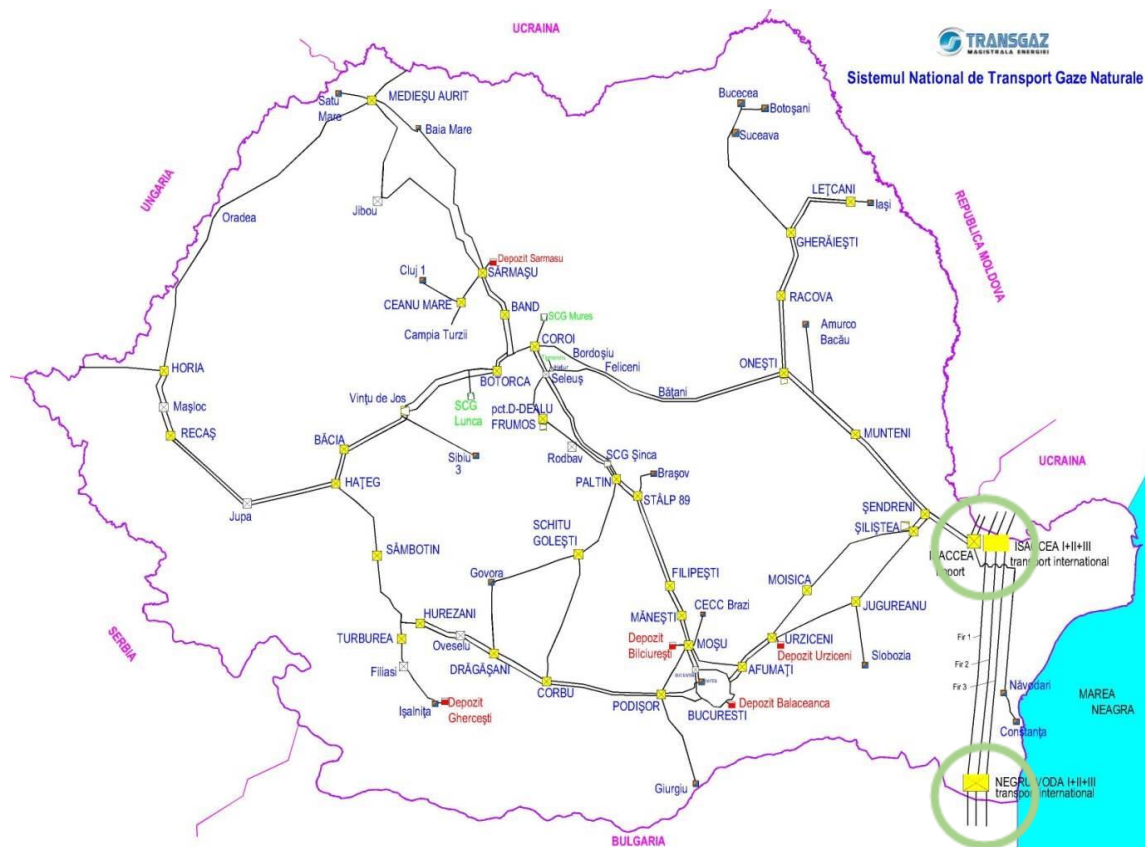
- EASTRING will ensure the most cost-reflective and direct transmission route between the gas platforms from the Western European region and the Balkans/Western Turkey. The possibility to diversify transmission routes and gas supply sources will safeguard the regional security of gas supply to the region, 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 investment 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 - 2024**

## Aim:

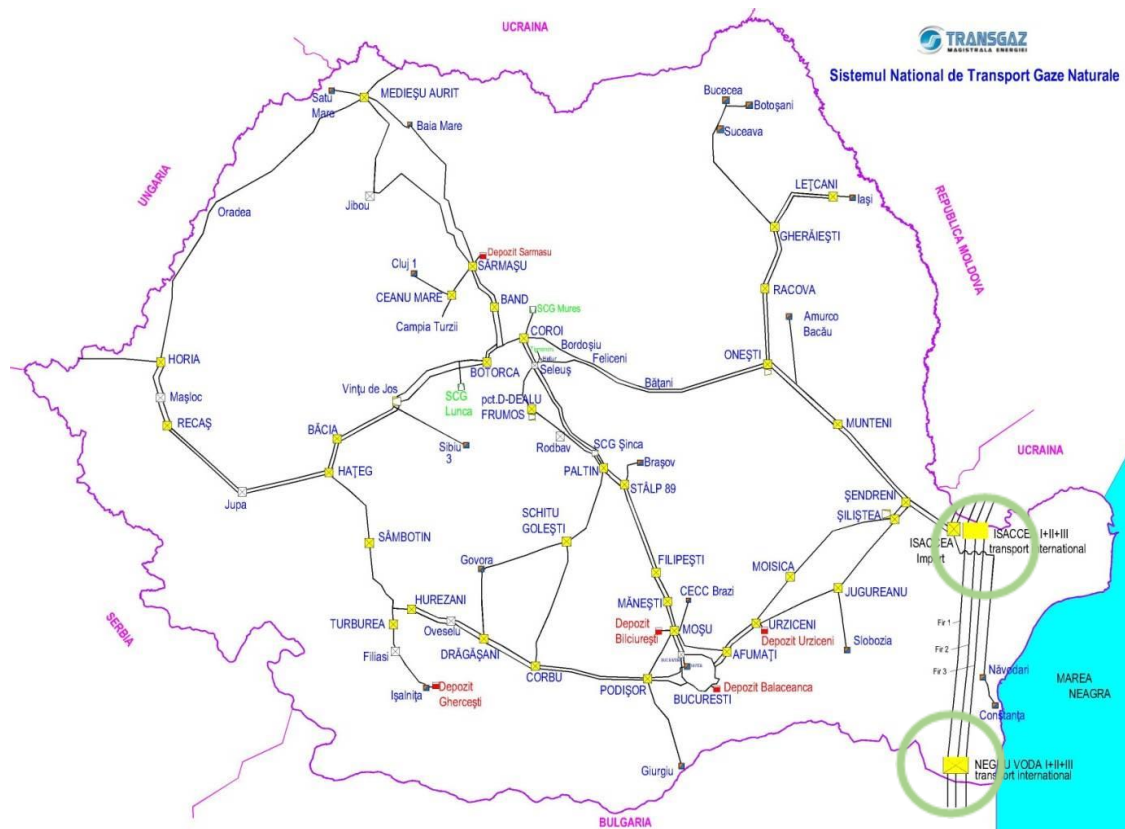
- increasing the level of energy security in the region

## Necessary investments:

- modernization of the existing gas metering stations

## Total estimated costs:

- **26,65 mil. Euro**



**Estimated commissioning - 2028**

## Aim:

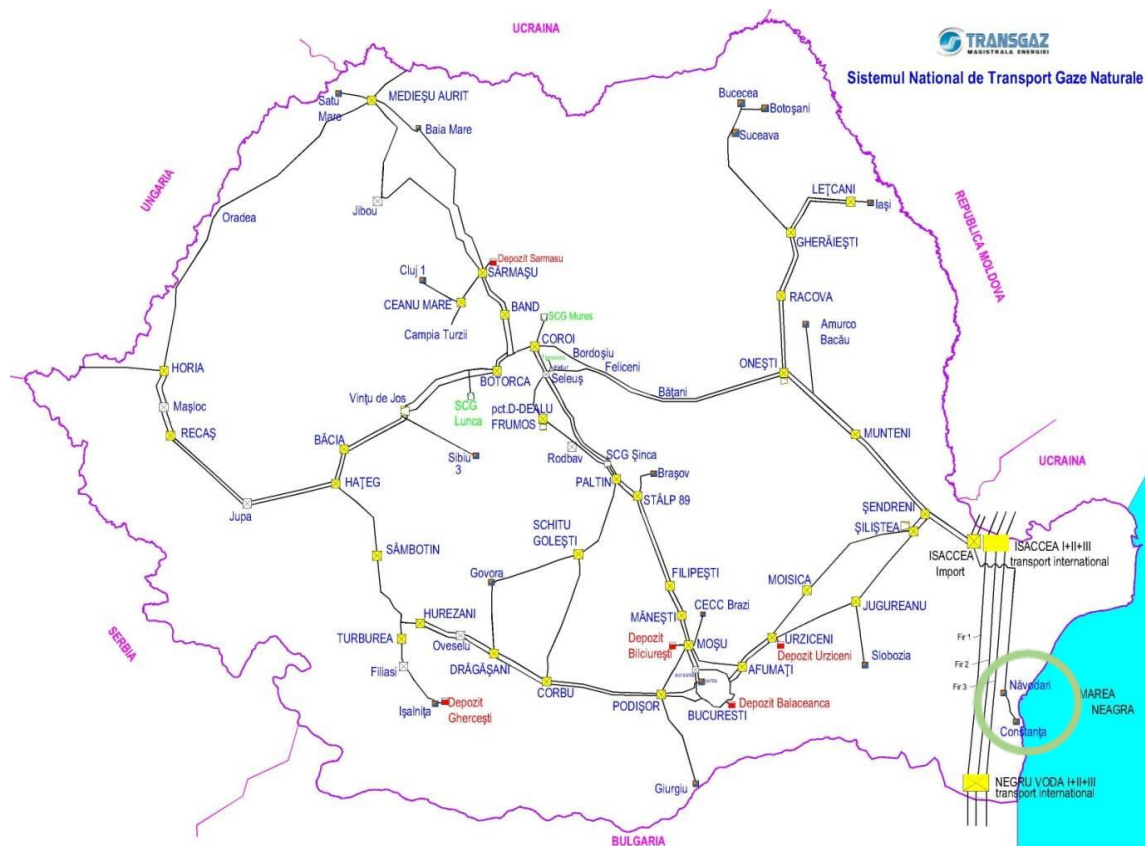
- increasing the level of energy security in the region

## Necessary investments:

- modernization of the existing gas metering stations

## Total estimated costs:

- **26,65 mil. Euro**



**Estimated commissioning - 2026**

## Aim:

- Taking over natural gas from the Black Sea coast

## Necessary investments:

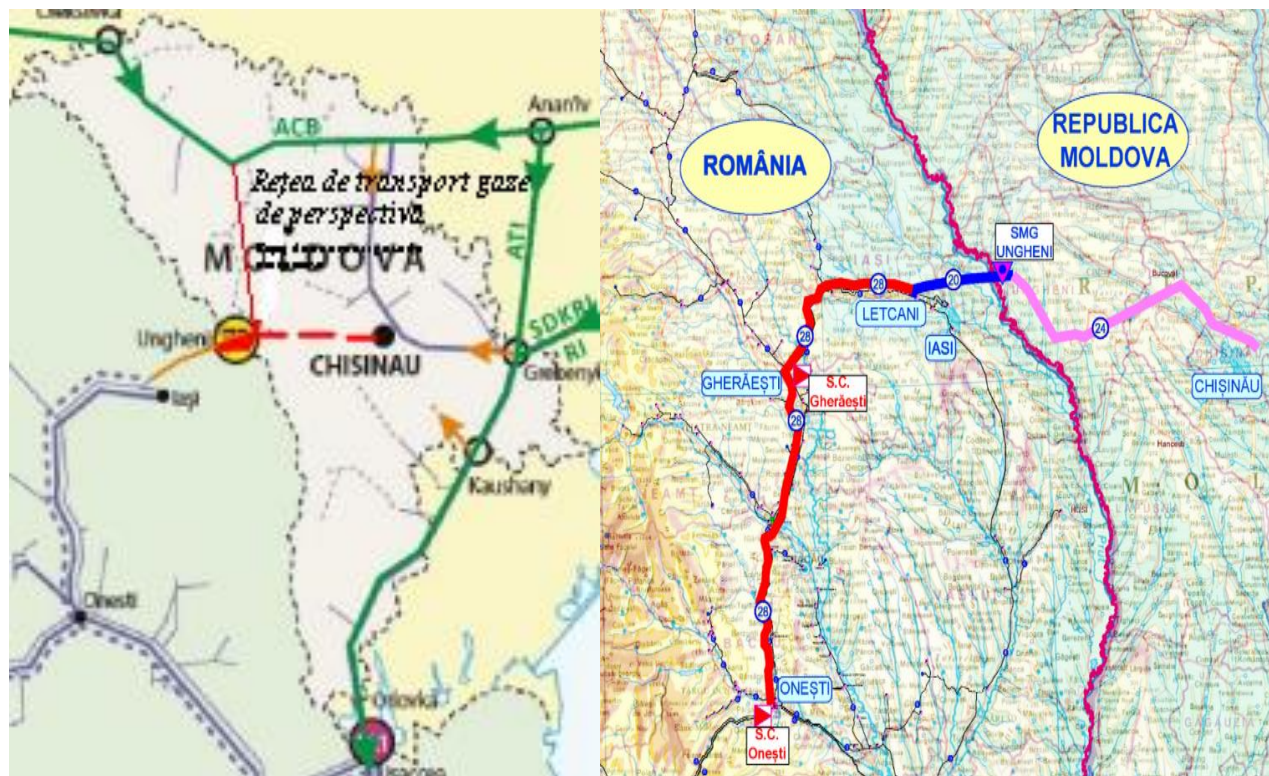
- Realization of an interconnection of the national natural gas transmission system at the LNG terminal by building a natural gas transmission pipeline, in a length of about 25 km, from the Black Sea coast to the T1 and T2 pipelines

## Total estimated costs:

- 19,6 mil. Euro



## Iași – Ungheni - Phase I; Ungheni – Chișinău – Phase II



### Aim:

Increasing interconnectivity between Romania and the Republic of Moldova in terms of gas transmission infrastructure as well as the diversification of the sources and routes for the gas supply to the Republic of Moldova.

### The project consists in:

- DN 600 55 bar 110 km-long pipeline;
- 4 metering regulating stations (at Semeni in Ungheni district, Ghidighici, Petricani and Tohatini - Chișinău);
- bidirectional gas metering node at Tohatini to connect the envisaged pipeline Ungheni – Chisinau and the existing Moldavia gas transmission system operated by MOLDOVATRANGAZ;
- 2 gas distribution pipelines from MRS Tohatini to the Chisinau distribution system, each 3.2 km long;
- 1 gas distribution pipeline, average pressure from MRS Ghidighici to the distribution system of Chisinau (at the intersection of Petricani and Balcani Streets), approximately 1.5 km;
- an operating complex at Ghidighici where the head office of VESTMOLDTRANSGAZ /EUROTRANSGAZ will be located.

### Total estimated costs:

- 80 mil Euro

**Commissioning start of operation**

**End 2019**

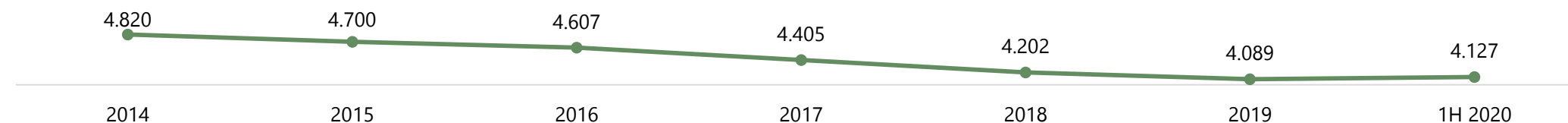
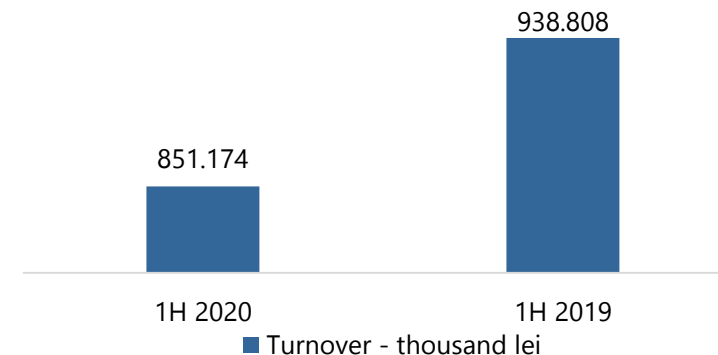
**Completion construction of Ghidighici complex**

**Start 2020**

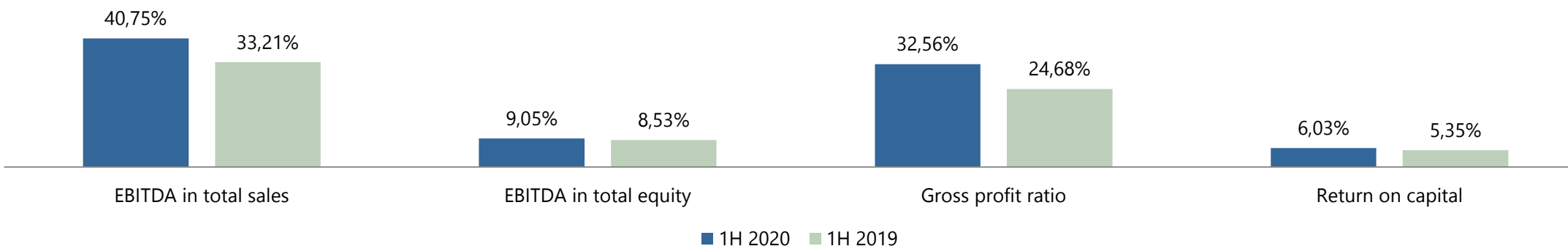
## 6. Main indicators

30.06.2020 compared to 30.06.2019

	1H 2020	1H 2019
EBITDA in total sales	40,75%	33,21%
EBITDA in total equity	9,05%	8,53%
Gross profit ratio	32,56%	24,68%
Return on capital	6,03%	5,35%
Current liquidity ratio	1,40	2,28
Quick liquidity ratio	0,86	1,71
Gearing	23,94%	6,48%
Interest coverage ratio	40,81	136,16
Turnover speed for clients debit - days	133,58	124,04
Turnover speed for credit providers - days	48,78	37,71

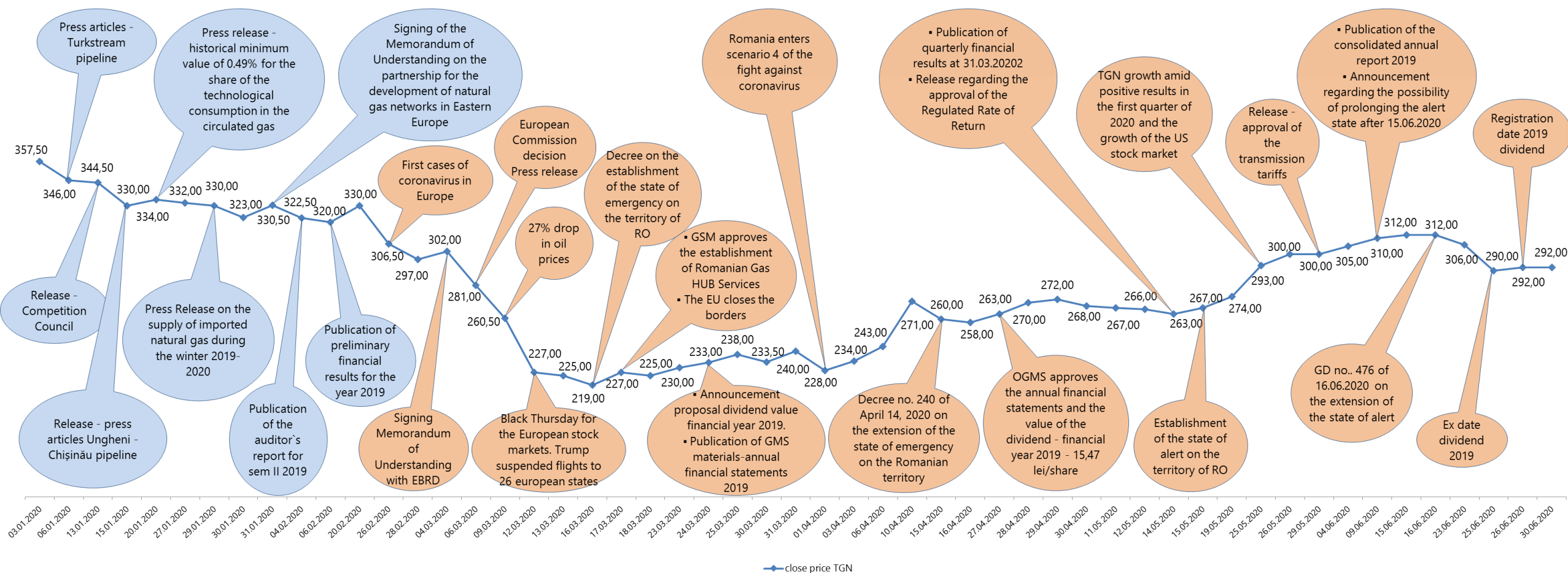


—●— Number of employees at the end of the period

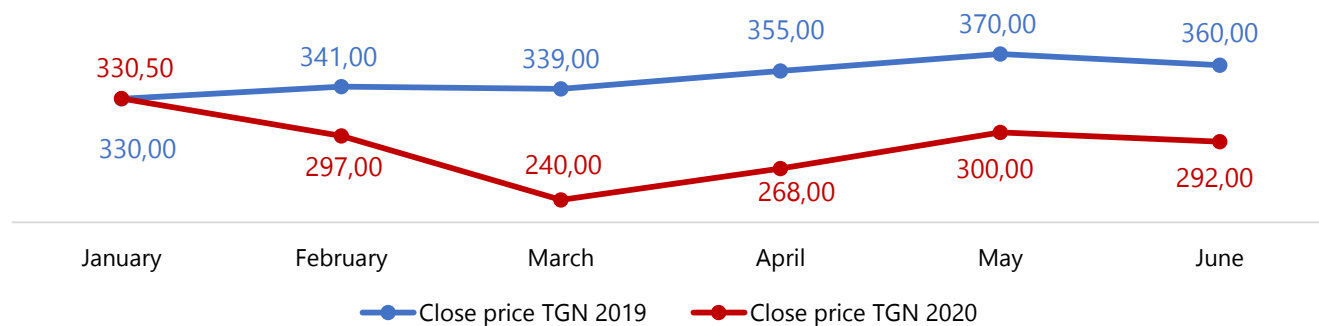


# Stock Exchange TGN Evolution (1)

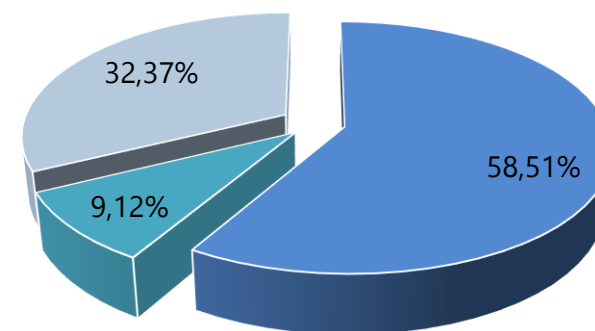
## Main corporate events with an impact upon the share price in 1H 2020



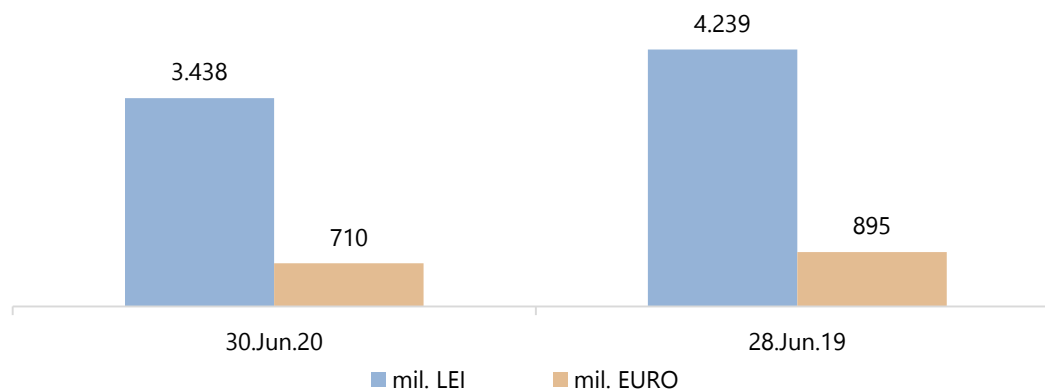
## Stock Exchange TGN Evolution (2)



Shareholders structure at 26.06.2020



Market capitalization



■ Romanian State through GSG ■ Natural Persons ■ Legal Persons



# Stock Exchange TGN Evolution (3)

Published on TradingView.com, July 10, 2020 14:02:43 EEST  
BVB:TGN, D 0:290,0000 H:290,0000 L:285,0000 C:287,0000



TradingView

Published on TradingView.com, July 10, 2020 14:08:19 EEST  
BVB:TGN, D 0:290,0000 H:290,0000 L:285,0000 C:285,0000



TradingView

# Stock Exchange TGN Evolution (4)

Published on TradingView.com, August 25, 2020 13:26:06 EEST  
BVB:TGN, D 0:284,0000 H:284,0000 L:282,0000 C:284,0000



TradingView

Published on TradingView.com, July 10, 2020 13:58:47 EEST  
BVB:TGN, D 0:290,0000 H:290,0000 L:285,0000 C:287,0000

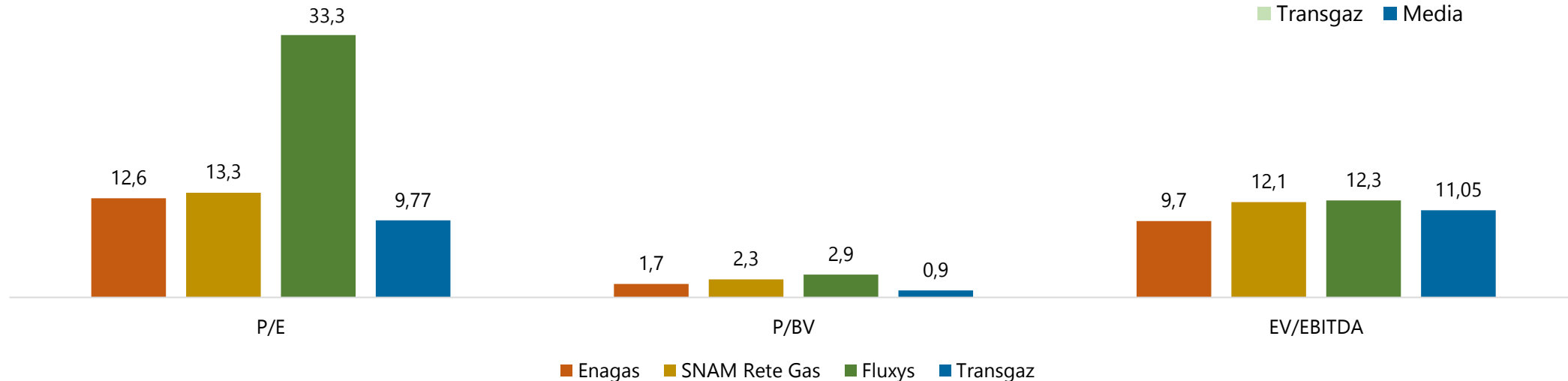
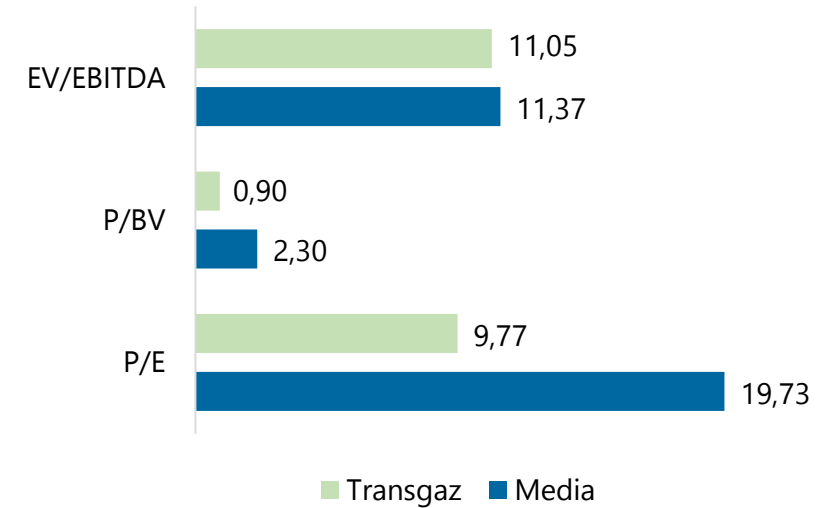


TradingView

# TRANSGAZ COMPARED TO PEERS

Company		P/E	P/BV	EV/EBITDA
Enagas	Spain	12,60	1,70	9,70
SNAM SpA	Italy	13,30	2,30	12,10
Fluxys	Belgium	33,30	2,90	12,30
<b>Media</b>		<b>19,73</b>	<b>2,30</b>	<b>11,37</b>
<b>Transgaz</b>	<b>Romania</b>	<b>9,77</b>	<b>0,90</b>	<b>11,05</b>
Premium /Discount		-50,49%	-60,87%	-2,81%

Source: Bloomberg, 14.07.2020





**Thank you for your kind attention!**