

A RESPONSIBLE COMPANY, A COMPANY OF THE FUTURE!



**INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

Prepared in accordance with IFRS - UE



Summary

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 5. Main business drivers

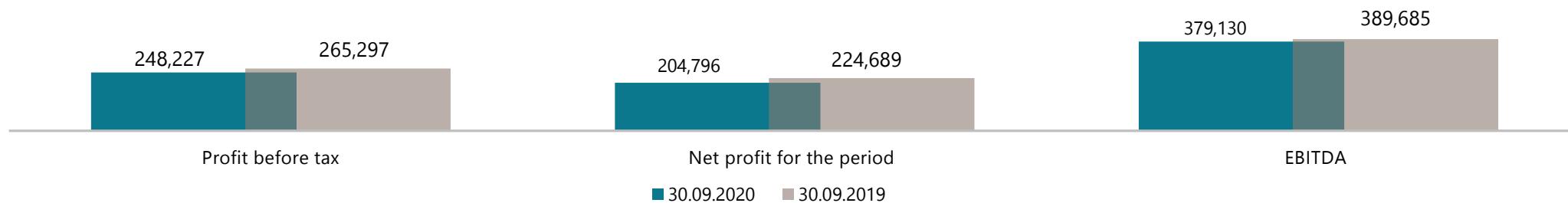
 6. Main indicators

1. Interim income statement as of 30.09.2020 (1)

MAIN INDICATORS

THOUSAND LEI	30.09.2020 (unaudited)	30.09.2019 (unaudited)	CHANGES 9M2020/9M2019	
			Absolute	Relative
Operational income before the balancing and construction activity according to IFRIC12	1,006,351	1,085,513	-79,162	-7%
Revenue from the balancing activity	148,026	250,930	-102,904	-41%
Income from the construction activity according to IFRIC12	1,018,106	521,459	496,647	95%
Financial income	50,148	41,522	8,626	21%
Operational costs before the balancing and construction activity according to IFRIC12	795,814	840,997	-45,183	-5%
Expenses with balancing gas	148,026	250,930	-102,904	-41%
Cost of assets constructed according to IFRIC12	1,018,106	521,459	496,647	95%
Financial expenses	12,458	20,742	-8,284	-40%
Profit before tax	248,227	265,297	-17,070	-6%
Profit tax expense	43,430	40,608	2,822	7%
Net profit for the period	204,796	224,689	-19,893	-9%
EBITDA	379,130	389,685	-10,555	-3%
Turnover	1,117,139	1,301,749	-184,610	-14%

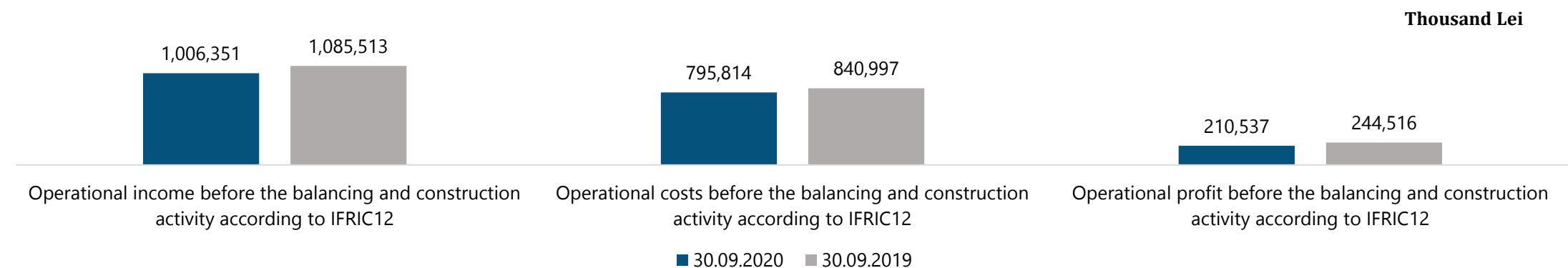
Thousand Lei



1. Interim income statement as of 30.09.2020 (2)

MAIN INDICATORS

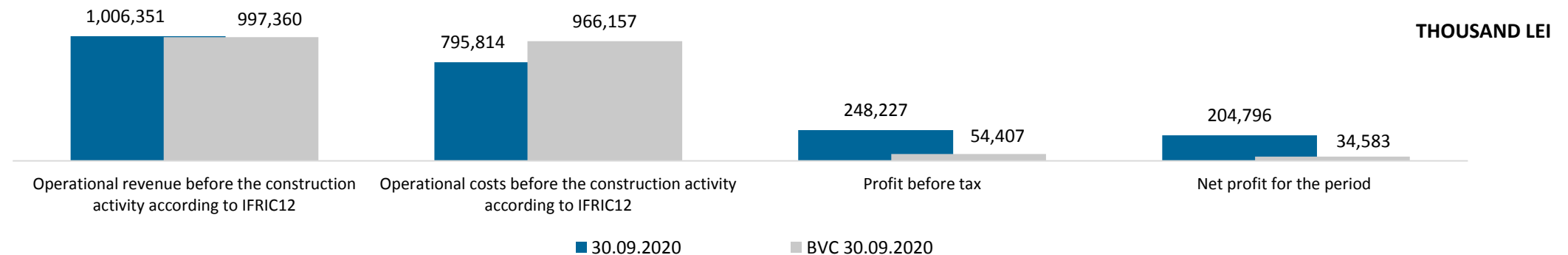
THOUSAND LEI	30.09.2020 (unaudited)	30.09.2019 (unaudited)	CHANGES 9M2020/9M2019	
			Absolute	Relative
Revenues from domestic gas transmission activity	878,327	791,478	86,849	11%
Revenues from international gas transmission activity	87,077	255,504	-168,427	-66%
Other revenues	40,946	38,531	2,415	6%
Operational income before the balancing and construction activity according to IFRIC12	1,006,351	1,085,513	-79,162	-7%
Employees costs	318,713	296,604	22,109	7%
Technological consumption, materials and consumables used	74,193	80,735	-6,542	-8%
Expenses with royalties	96,541	103,951	-741	-7%
Maintenance and transport	17,031	19,206	-2,175	-11%
Taxes and other amounts owed to the State	53,907	79,700	-25,793	-32%
Revenues/ Expenses with provision for risks and expenses	-3,865	-4,289	424	11%
Other operating expenses	70,701	119,920	-49,219	-41%
Depreciation	168,593	145,169	23,424	16%
Operational costs before the balancing and construction activity according to IFRIC12	795,814	840,997	-45,183	-5%
Operational profit before the balancing and construction activity according to IFRIC12	210,537	244,516	-33,979	-14%



Main economic and financial indicators achieved as at 30.09.2020 compared with the Revenue and Expense Budget approved by GOSM Resolution no. 2 / 04.03.2020

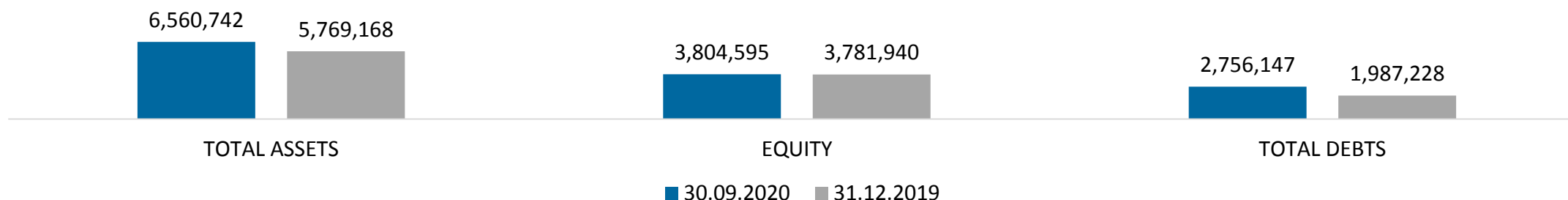


THOUSAND LEI	30.09.2020 (unaudited)	BVC 30.09.2020	CHANGES 9M2020/9M2019	
			Absolute	Relative
Operational income before the balancing and construction activity according to IFRIC12	1,006,351	997,360	8,991	1%
Revenue from the balancing activity	148,026	72,702	75,324	104%
Income from the construction activity according to IFRIC12	1,018,106	2,049,829	-1,031,724	-50%
Financial income	50,148	37,093	13,055	35%
Operational costs before the balancing and construction activity according to IFRIC12	795,814	966,157	-170,343	-18%
Expenses with balancing gas	148,026	72,702	75,324	104%
Cost of assets constructed according to IFRIC12	1,018,106	2,049,829	-1,031,724	-50%
Financial expenses	12,458	13,889	-1,431	-10%
Profit before tax	248,227	54,407	193,819	356%
Profit tax expense	43,430	31,203	23,606	119%
Net profit for the period	204,796	34,583	170,213	492%



2. Interim Balance Sheet as of 30.09.2020

THOUSAND LEI	30.09.2020	31.12.2019	CHANGES	
			Absolute	Relative
FIXED ASSETS	5,585,377	4,484,129	1,101,248	25%
CURRENT ASSETS	975,365	1,285,039	-309,674	-24%
TOTAL ASSETS	6,560,742	5,769,168	791,574	14%
EQUITY	3,804,595	3,781,940	22,655	1%
LONG TERM DEBTS	2,161,693	1,489,789	671,904	45%
CURRENT DEBTS	594,453	497,439	97,014	20%
TOTAL DEBTS	2,756,147	1,987,228	768,919	39%
TOTAL EQUITY AND DEBTS	6,560,742	5,769,168	791,574	14%

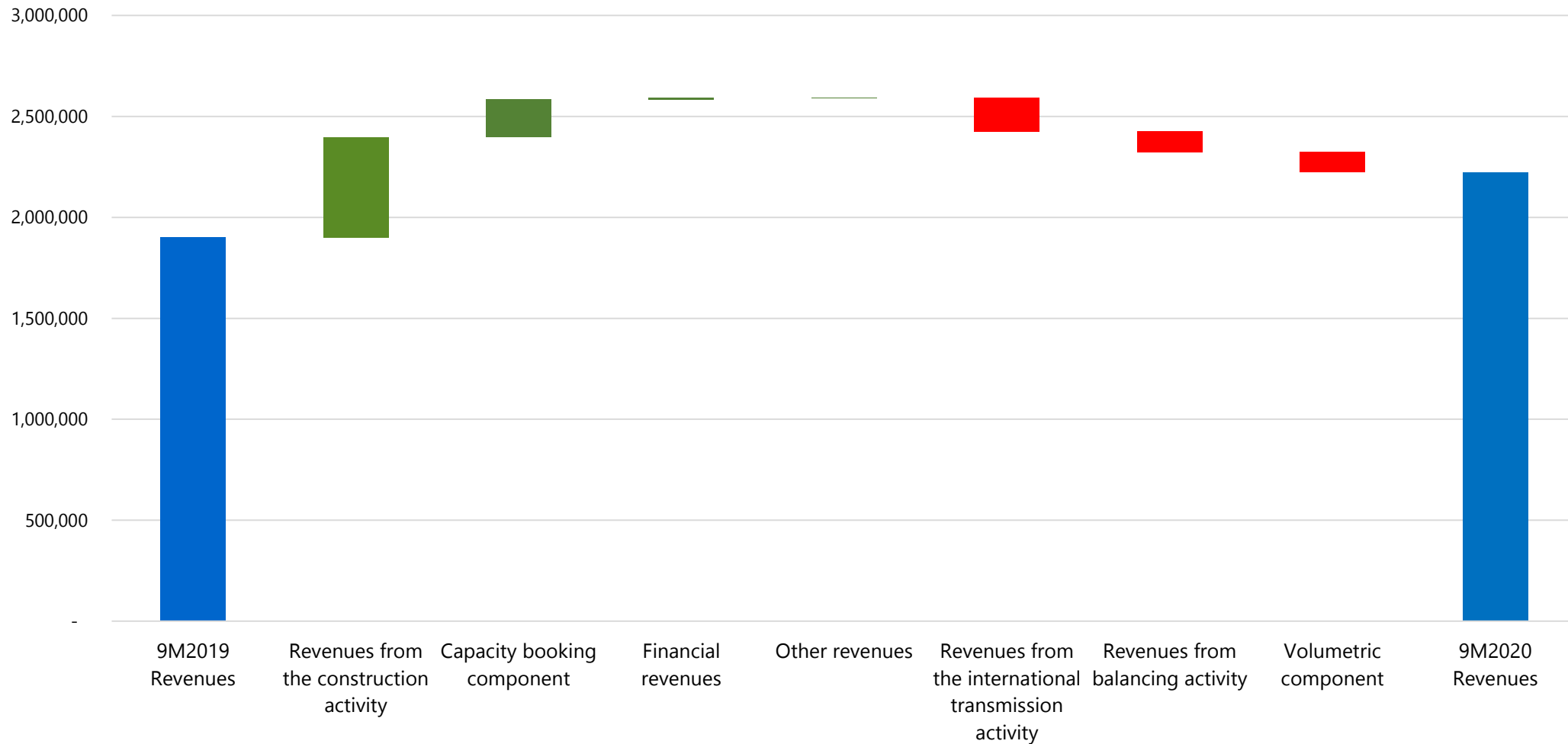


The fixed assets registered an increase by Lei 1,101,248 thousand compared to the value as at 31.12.2019, mainly due to the high level of the investment expenses incurred by Transgaz in 2020 by the development of the National Gas Transmission System of Romania and to the share in the capital stock of Transgaz' subsidiary in the Republic of Moldova in order to ensure the financial sources necessary for the implementation of the investment program and of the Ungheni-Chisinau gas transmission pipeline respectively.

The increase in long-term debts was mainly caused by the funding obtained for the investment projects carried out by the company as well as by a credit line for 2 years meant to cover the required working capital.

3. Main revenue drivers (1)

Revenues 9M 2020 vs. Revenues 9M 2019 (thousand lei)



3. Main revenue drivers (2)

9M2020 compared to 9M2019

Operating revenue before the balancing and construction activity, according to IFRIC12 decreased by 7% as compared to 9 months 2019, which is lower by LEI 79,162 thousand.

The revenue was influenced mainly by the following factors:

- *commodity revenue lower* by **LEI 100,062 thousand** due to:
 - the commodity transmission tariff lower by Lei 0.83 lei/MWh, with a negative influence of LEI 75,820 thousand;
 - the gas transmitted capacities lower by 9,497,483 MWh/956,221 thousand cm (▼9%), as compared to 9 months 2019, with a negative influence of LEI 24,243 thousand, detailed by categories of consumers as follows:

		1Q2020	2Q2020	3Q2020	9M2020	1Q2019	2Q2019	3Q2019	9M2019	Differences 9M2020 vs 9M2019
Quantity transmitted for direct consumers	MWh	11,545,026	14,786,601	17,109,847	43,441,474	11,274,702	16,500,962	23,042,489	50,818,152	-7,376,678
	thousand m ³	1,078,004	1,378,194	1,577,358	4,033,556	1,058,115	1,549,300	2,174,541	4,781,956	-748,400
Quantity transmitted for distribution	MWh	32,693,087	10,936,870	6,925,467	50,555,424	33,610,132	11,893,960	7,172,137	52,676,229	-2,120,805
	thousand m ³	3,039,364	1,012,381	641,246	4,692,991	3,135,219	1,103,301	662,292	4,900,812	-207,821
Total	MWh	44,238,113	25,723,471	24,035,314	93,996,898	44,884,834	28,394,922	30,214,626	103,494,381	-9,497,483
	thousand m ³	4,117,368	2,390,575	2,218,604	8,726,547	4,193,334	2,652,601	2,836,833	9,682,768	-956,221

The commodity tariffs decreased in 01.01-30.09.2020 as compared to 01.01-30.09.2019, mainly due to:

- Order 10/2017 of the ANRE President on the amending 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 to 25% of the total revenue;
- at the substantiation of the tariffs for gas year 2019-2020, the tax on the monopoly was not recognised by ANRE at the pass-through costs and implicitly at the regulated revenue.

3. Main revenue drivers (3)

9M2020 compared to 9M2019

- *revenue from capacity booking* higher by **LEI 186,911 thousand** due to:
 - booked capacities higher by 3,997,776 MWh, with a positive influence of LEI 8,134 thousand;
 - capacity booking tariff higher by LEI 0.65 lei/MWh, with a positive influence of LEI 178,777 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.
- *international gas transmission revenue* lower by **LEI 168,426 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* higher by **LEI 2,415 thousand**.

Revenue from the balancing activity lower by **LEI 102,904 thousand** based on the following factors:

- trading price lower by LEI 42.51 /MWh, with a negative influence of LEI 100,965 thousand;
- quantity lower by 18,490 MWh with a negative influence of LEI 1,938 thousand;

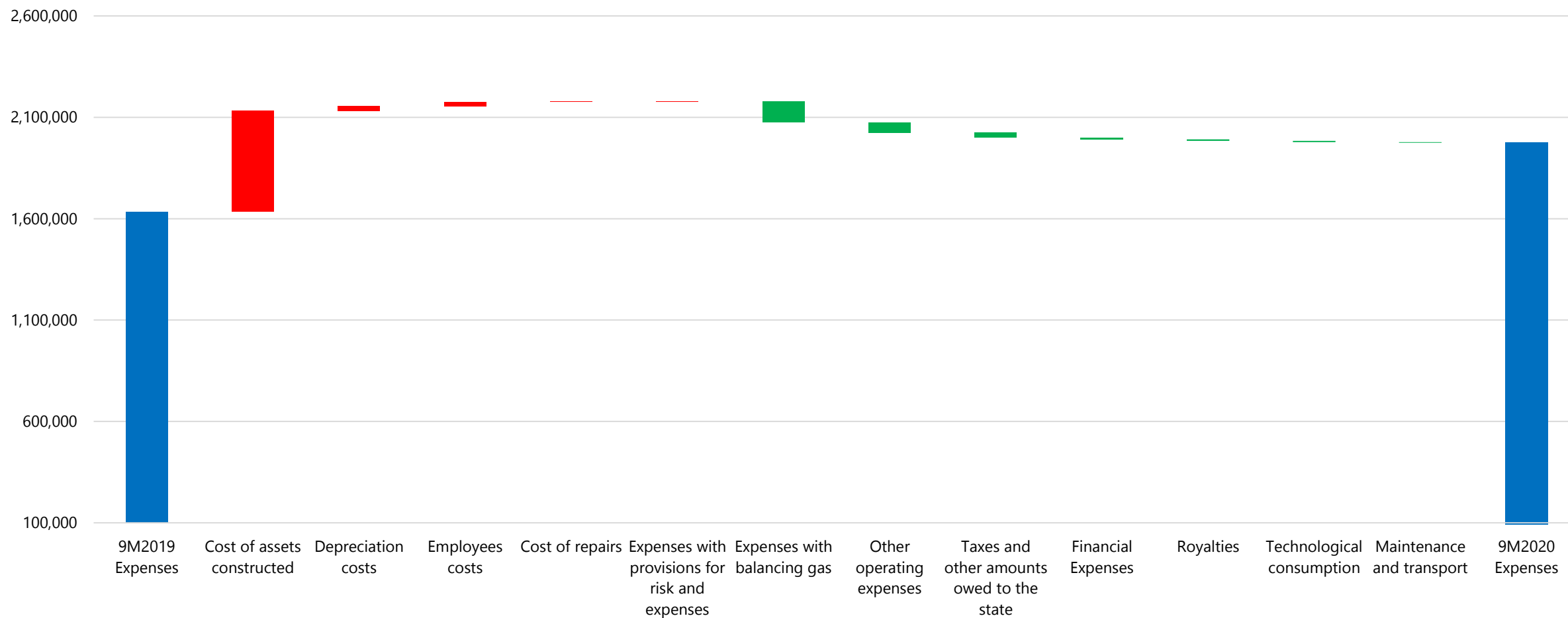
Revenue from the construction activity higher by **LEI 496,646 thousand**, registered in line with IFRIC 12, according to which revenue and costs related to the construction activity or the improvement of the transmission network, in exchange of which the intangible asset is registered, must be acknowledged in line with IAS 11, Construction Contracts;

Financial revenue has a positive influence of **LEI 8,626 thousand** mainly due to the recording of revenue as a consequence of the updating of the regulated assets value with the inflation and foreign currency exchange gains.

	1Q2020	2Q2020	3Q2020	9M2020	1Q2019	2Q2019	3Q2019	9M2019
Revenues from the domestic transmission activity, due to:	474,269	203,556	200,503	878,327	378,769	203,548	209,161	791,478
- Volumetric component	66,800	38,842	36,294	141,936	96,879	68,314	76,805	241,998
- Capacity booking component	407,469	164,713	164,209	736,391	281,890	135,234	132,356	549,480

4. Main costs drivers (1)

Expenses 9M2020 vs. 9M2019 (thousand lei)



4. Main costs drivers (2)

9M2020 compared to 9M2019

Operating costs before the balancing and construction activity according to IFRIC12 decreased by **5%** as compared to 9 months 2019, which is lower by **LEI 45,183 thousand**.

The company made savings of LEI 91,989 thousand, mainly in relation to the following cost elements:

- *transmission system gas consumption* LEI 2,706 thousand, due to:
 - quantity of natural gas for NTS gas consumption lower by 65,057 MWh as compared to 9 months 2019, with a positive influence of LEI 6,656 thousand;
 - average purchase price higher by LEI 8.79 /MWh as compared to the one obtained in 9 months 2019, with a negative influence of LEI 3,950 thousand;

		1Q2020	2Q2020	3Q2020	30.09.2020	1Q2019	2Q2019	3Q2019	30.09.2019	Differences 9M2020 vs 9M2019
Technological consumption quantities	MWh	240,122	117,996	91,136	449,254	224,309	164,730	125,272	514,311	-65,057
	thousand m ³	23,272	12,030	9,243	44,545	20,942	15,575	12,238	48,755	-4,210

- *other operating costs*: LEI 49,219 thousand, mainly based on the decreasing of the cost of the adjustment for impairment of current assets, compared to 9 months 2019;
- *cost of taxes and amounts due to the state*: LEI 25,793 thousand;
- *costs of NTS concession royalty*: LEI 7,411 thousand;
- *cost of auxiliary materials and other material costs*: LEI 3,835 thousand;
- *cost of maintenance and transmission*: LEI 3,025 thousand.

Exceedings amounting to LEI 46,806 thousand were recorded to the following cost elements:

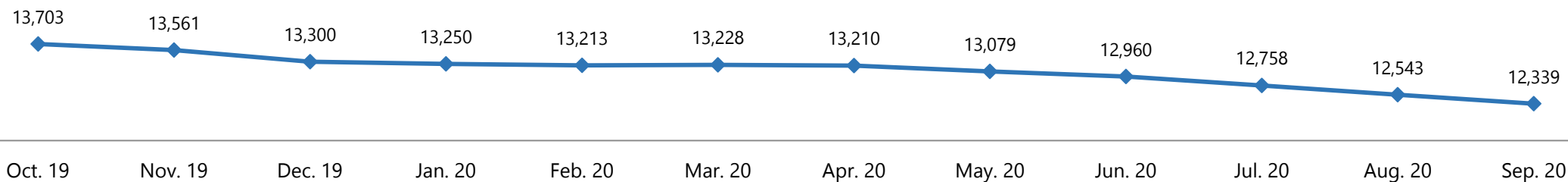
- *costs of personnel*: LEI 22,109 thousand;
- *cost of depreciation*: LEI 23,424 thousand;
- *costs of repairs*: LEI 849 thousand;
- *costs of provision for risks and charges*: LEI 423 thousand.

The financial cost is lower by **LEI 8,284 thousand** mainly based on the foreign currency exchange loss.

Compared to 9 months 2019 the gross profit obtained in 9 months 2020 decreased by 6%, which is lower by LEI 17,070 thousand.

5. Main business drivers (1)

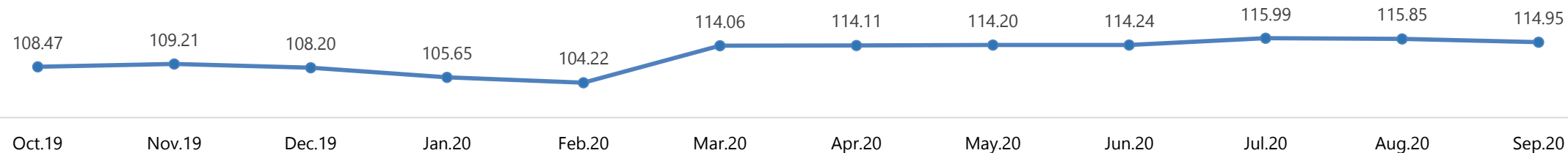
Natural gas volumes circulated (including storage quantities) - mil.cm - rolling 12 months



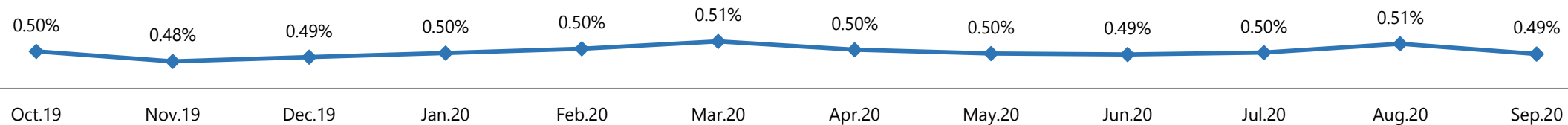
		1Q2020	2Q2020	3Q2020	9M2020	1Q2019	2Q2019	3Q2019	9M2019
Circulated gas, out of which:	MWh	44,364,276.70	25,819,241.00	23,943,612.17	94,127,129.87	45,054,044	28,562,915	30,562,038	104,178,997
	thousand m ³	4,139,811.57	2,401,074.14	2,228,188.80	8,769,074.51	4,211,546	2,668,781	2,849,487	9,729,814
	MWh	440,750.00	6,350,866.66	5,651,372.86	12,442,989.52	398,246	11,330,119	14,630,427	26,358,791
	thousand m ³	40,748.69	598,729.28	533,312.60	1,172,790.56	37,854	1,068,904	1,386,169	2,492,927
- storage									
Circulated gas storage share		0.99%	24.60%	23.60%	13.22%	0.88%	39.67%	47.87%	25.30%

5. Main business drivers (2)

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



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



		1Q2020	2Q2020	3Q2020	9M2020	1Q2019	2Q2019	3Q2019	9M2019
Technological consumption, materials and consumables used, of which:	thousand Lei	30,643	19,353	24,197	74,193	30,306	28,675	21,753	80,734
▪ transmission system technological consumption and loss	thousand Lei	25,883	13,473	10,557	49,913	22,422	16,806	13,392	52,620
- technological consumption quantity	MWh	240,122	117,996	91,136	449,254	224,309	164,730	125,272	514,311
▪ auxiliary materials	thousand Lei	3,814	5,327	12,702	21,843	6,703	10,902	7,466	25,071
▪ other material costs	thousand Lei	946	553	939	2,438	1,181	967	896	3,044

CURRENT NTS INFRASTRUCTURE



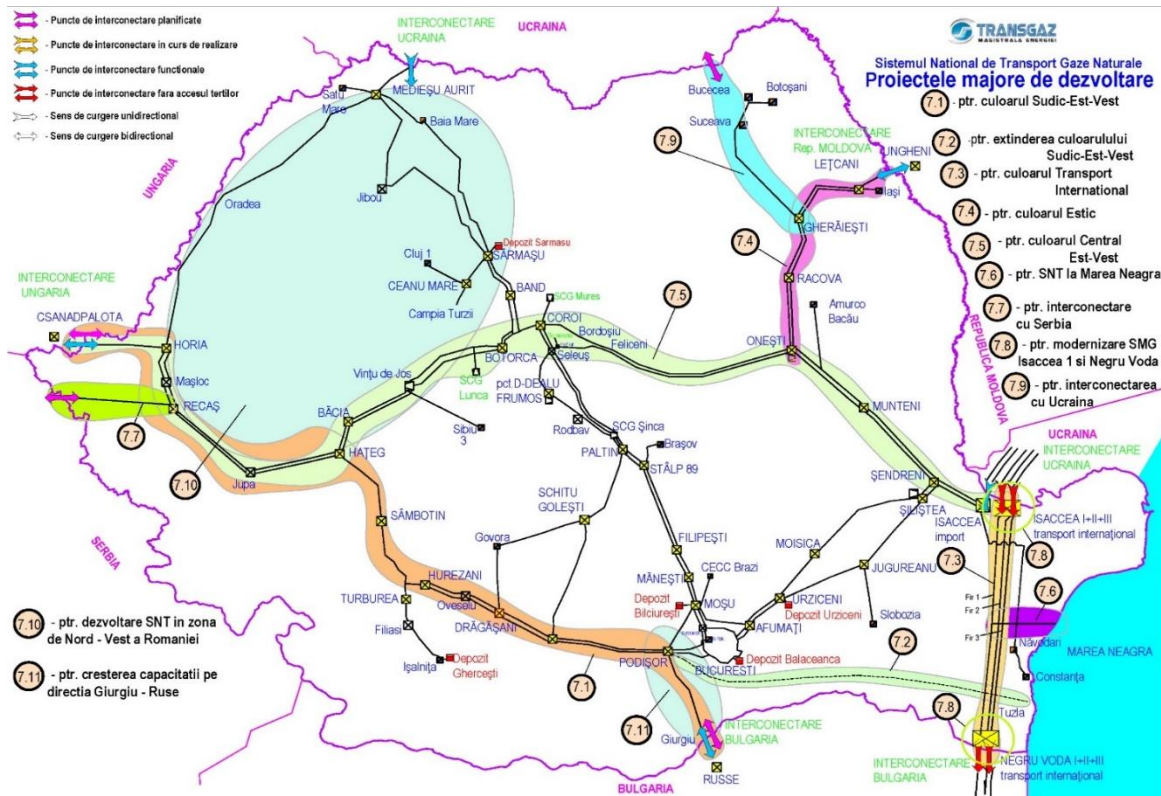
- ❑ Over 13,600 km of main gas transmission pipelines and connections for gas supply, of which 369 km international gas transmission pipelines;
- ❑ 1,128 gas metering stations;
- ❑ 4 gas metering stations for international gas transmission;
- ❑ 7 gas metering stations for imported gas;
- ❑ 6 gas compressor stations (Șinca, Onești, Siliștea, Jupa, Podișor, Bibești) ;
- ❑ 1,040 cathodic protection stations (CPS);
- ❑ 58 valve control stations/technological nodes;
- ❑ 904 gas odorization units.

FUTURE NTS INFRASTRUCTURE

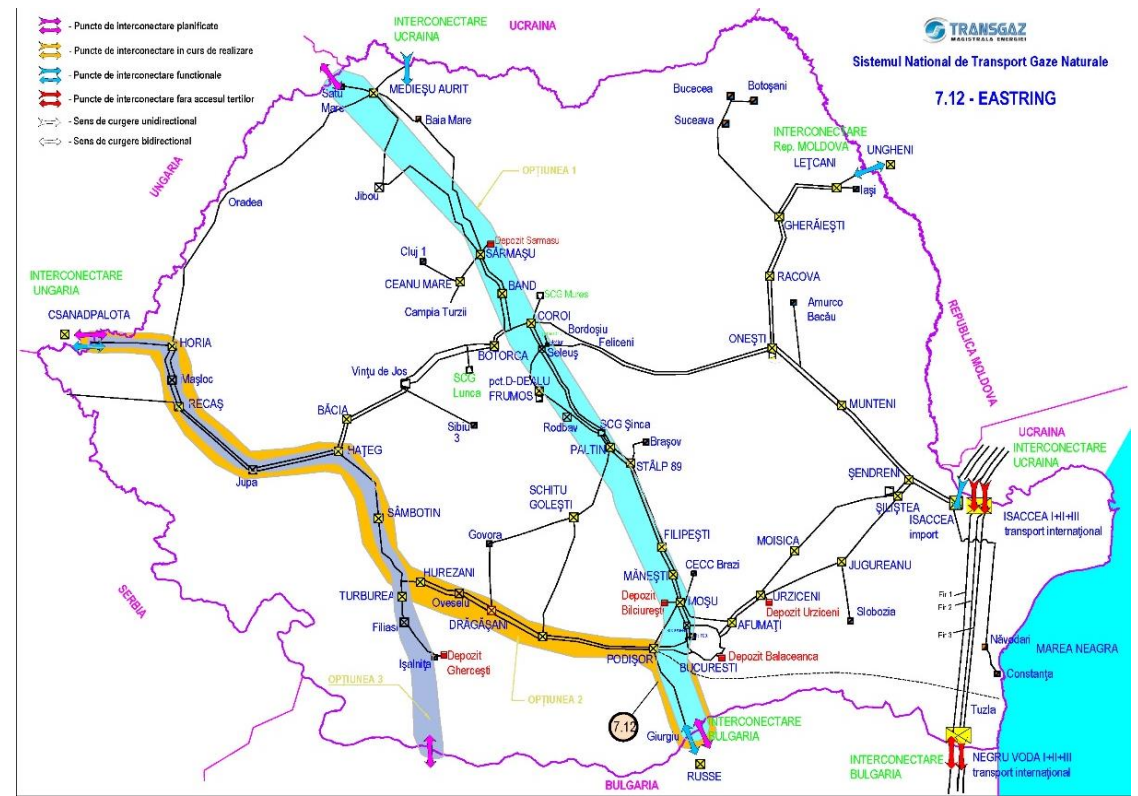
A modernized and competitive gas transmission system that ensures a high degree of interconnectivity, flexibility and access to multiple sources of supply.

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

MAJOR PROJECTS



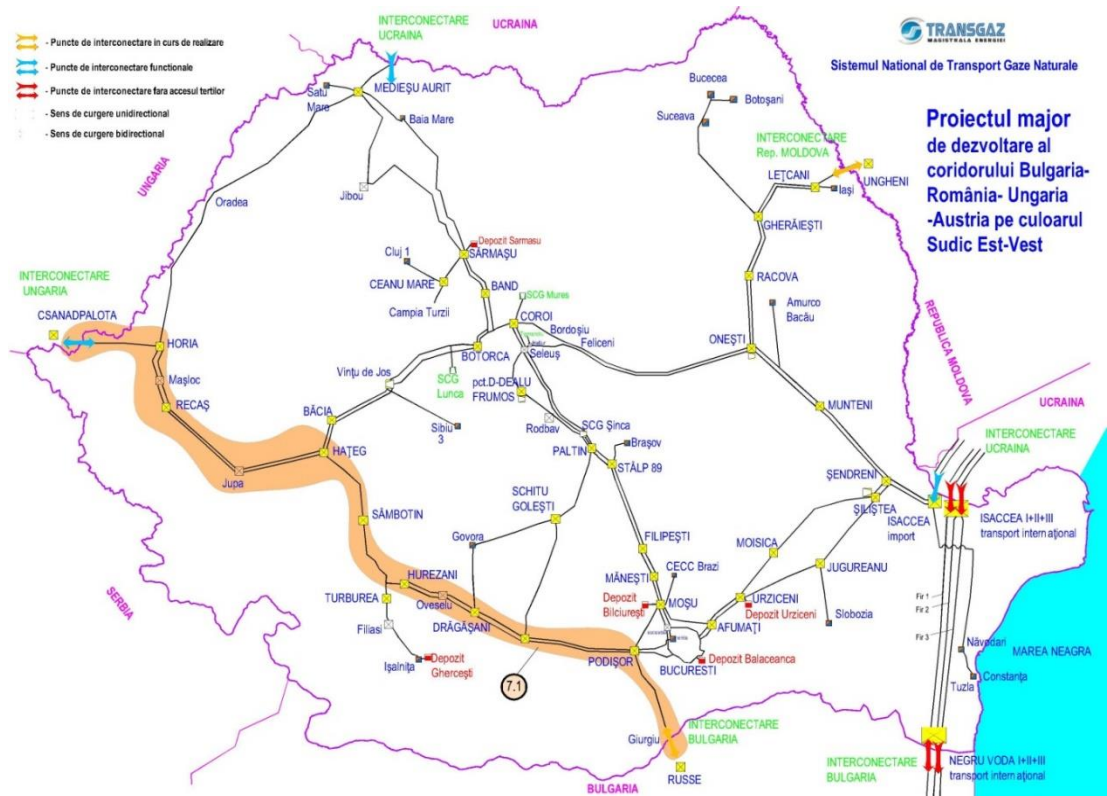
EASTRING



~ 4 BILLION EURO

Project no	Project	Estimated value mil. Euro	Completion date	Project importance	Project status	Financing sources (mil. Euro)
7.1.1	Development on Romania's 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 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	Own sources: 97.76 Attracted sources: 380.84
7.1.2	Development on Romania's territory of the National Gas Transmission System on the Bulgaria - Romania - Hungary – Austria Corridor (Phase II)	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	Own sources: 24.08 Attracted sources: 44.72
7.2	Development on Romania's territory of the Southern Transmission Corridor 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	Own sources: 180.2 Attracted sources: 180.2
7.3	Interconnection of the national gas transmission system with the international natural gas pipeline T1 and Isaccea reverse flow.	77.7 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: ▪ <i>in order to eliminate the possibility of imposing extremely costly financial penalties by the European Commission;</i> 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	Own sources: 32.9 Attracted sources: 44.8
7.4	Developments of the NTS in the North - East area of Romania 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	Own sources: 44.89 Attracted sources: 129.36
7.5	Amplification of the bidirectional gas transmission corridor Bulgaria - Romania - Hungary - Austria (BRUA Phase III)	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	Own sources: 185.5 Attracted sources: 344.5
7.6	NTS new developments to take-over the gas from the Black Sea coast.	9.14	2021	Creating an additional point for taking over the natural gas from the Black Sea offshore exploitation perimeters.	FID	Own sources: 3.19 Attracted sources: 5.95
7.7	Romania-Serbia Interconnection	56.21	2021	Establish 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

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 Gherăiești-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	Own sources: 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 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 pipeline
- 3 compressor stations: Podișor CS, Bibești CS and Jupa CS inaugurated and put into operation in September and October 2019, August 2020

Total estimated costs:

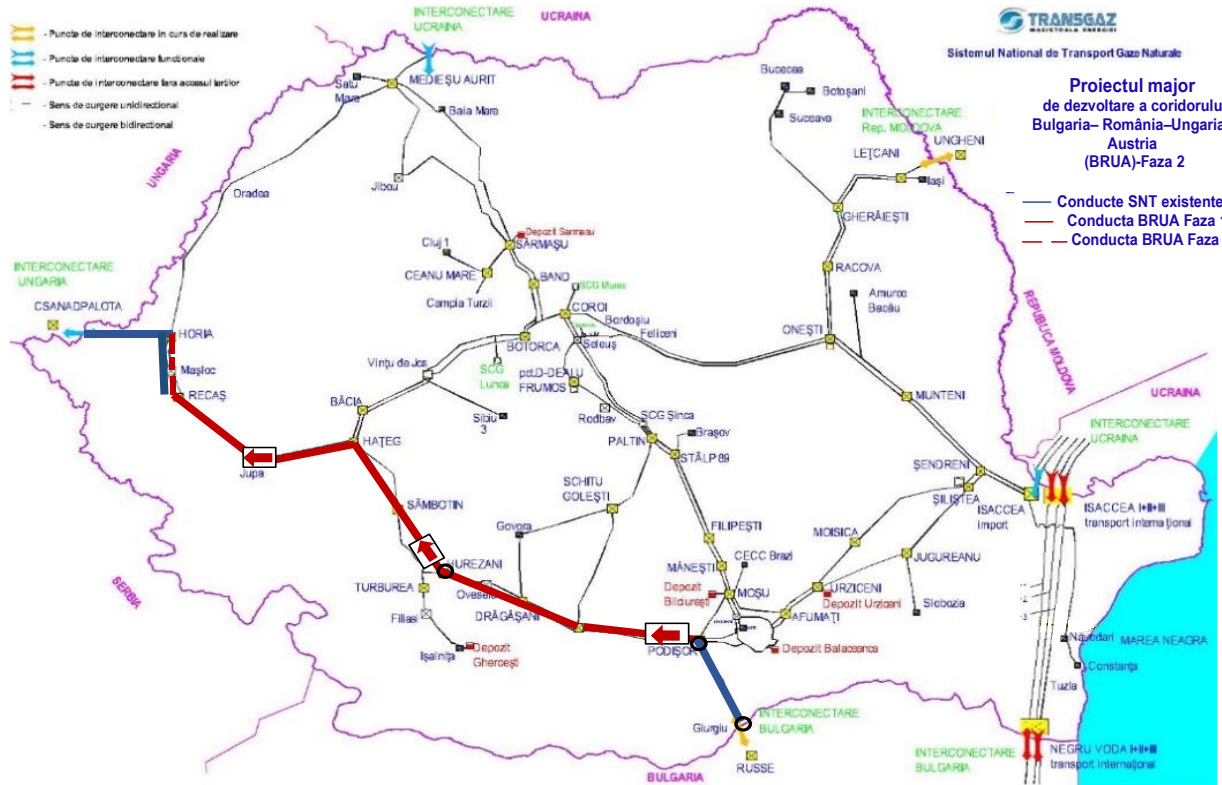
- 478.6 mil. Euro

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 - Csanadpalota interconnector

Capacity increase:

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

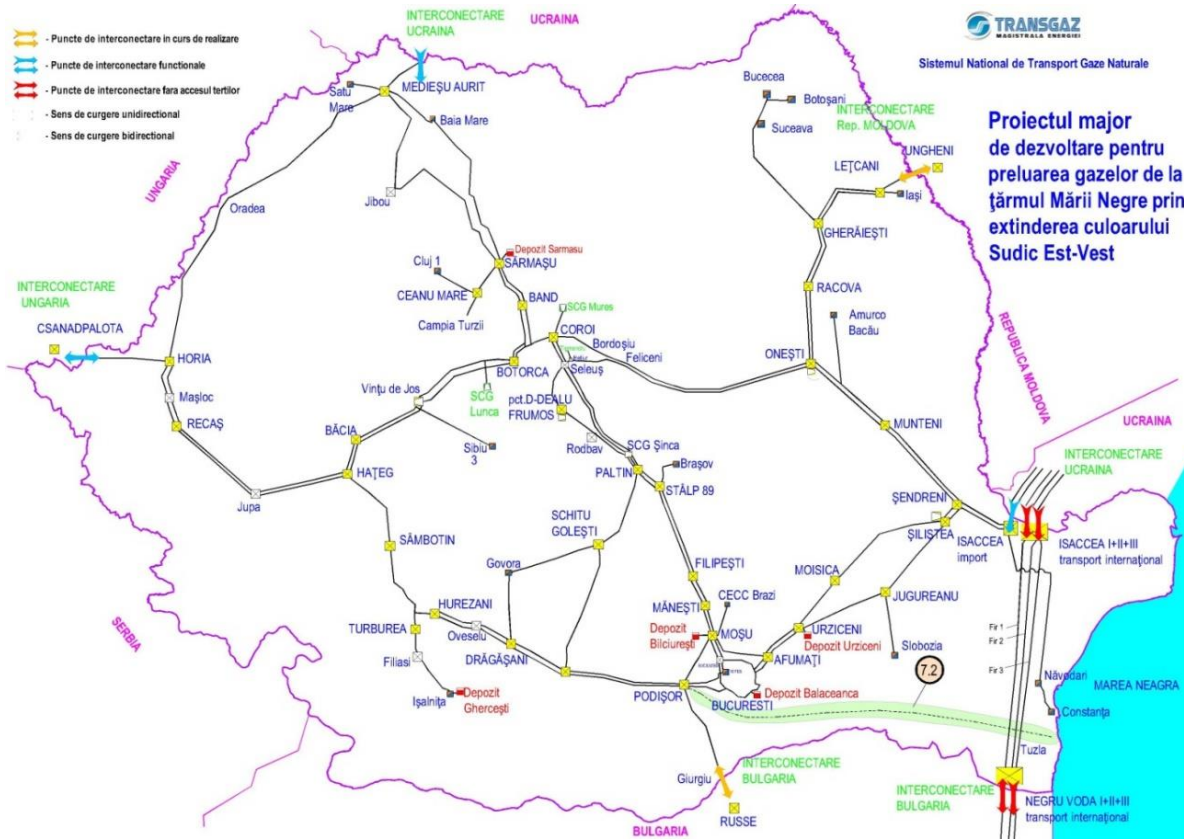
Necessary investments:

- 32"x63 bar ~50 km Recaș-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
- SMG Horia amplification

Total estimated costs:

- **74.5 mil. Euro**

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



Aim:

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

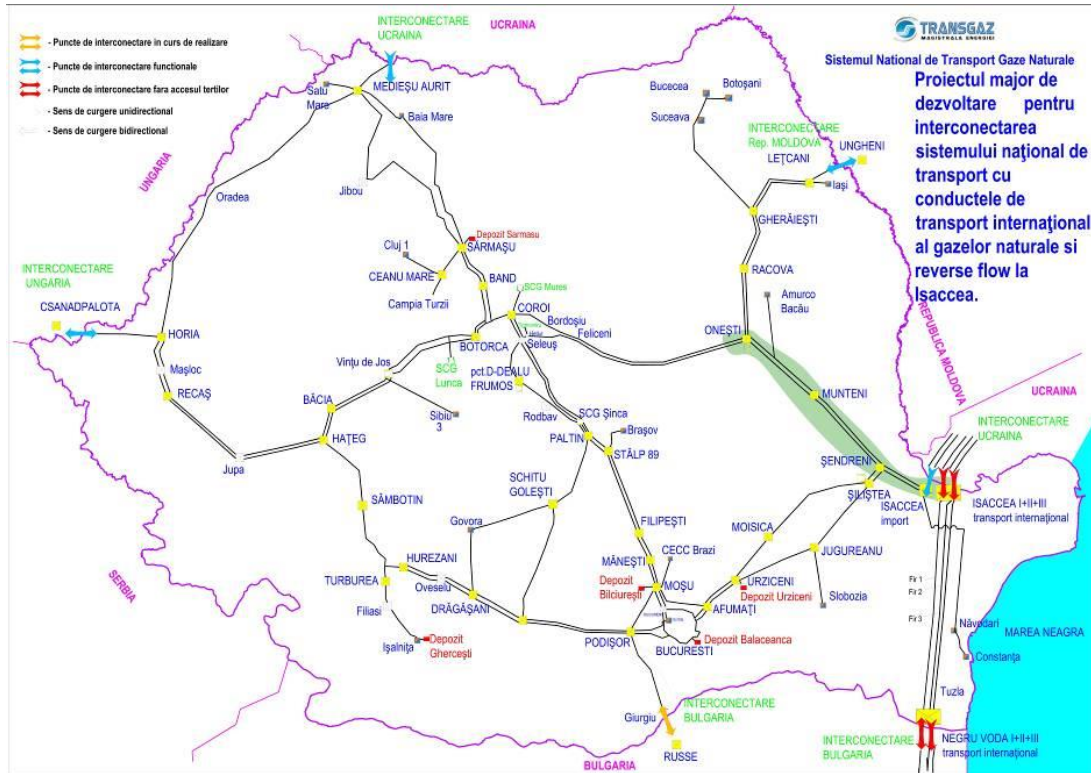
Necessary investments:

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

Total estimated costs:

- **371.6 mil. Euro**

Estimated commissioning 2022



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:

Phase 1

- rehabilitation of Dn 800 Onești - Cosmești pipeline
- Isaccea interconnection

Phase 2

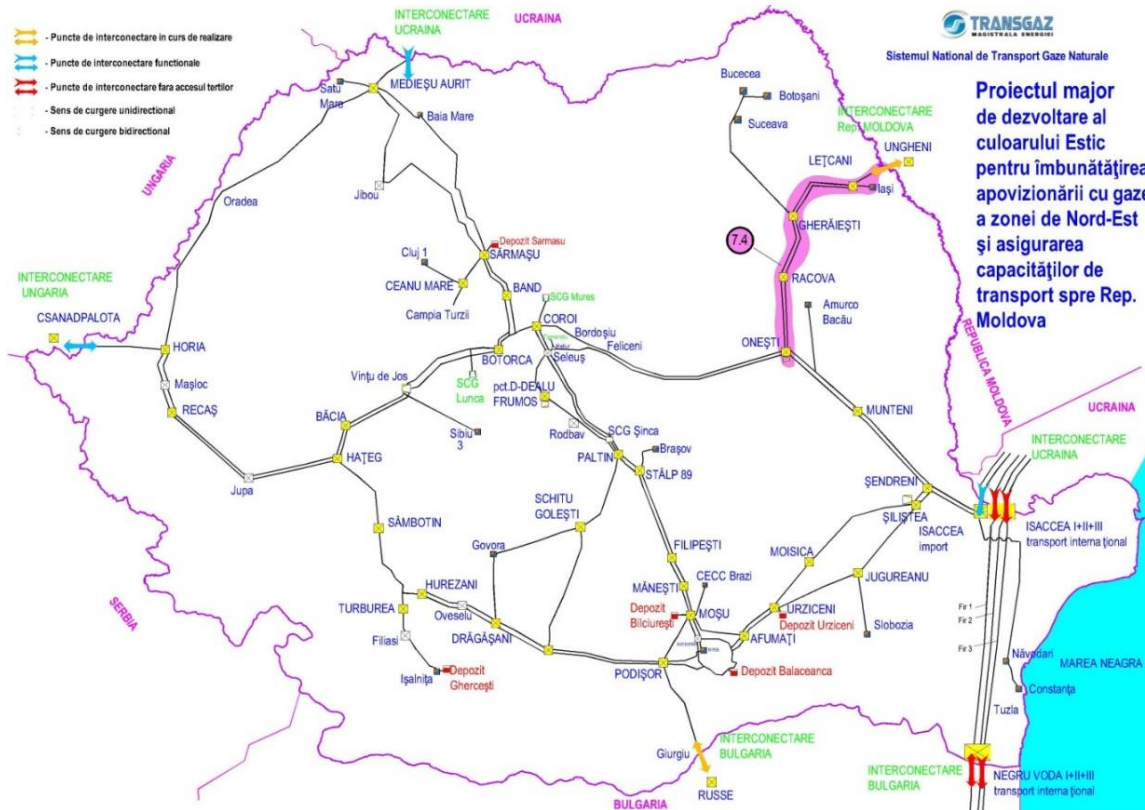
- upgrading of Siliștea CS, Siliștea TN
- upgrading of Onești CS, Onești TN
- upgrading of Șendreni CS, Șendreni TN

Total estimated costs:

- 77.7 mil. Euro**

Final investment decision – 2018

Phase I - Commissioning 2018
 Phase II – Estimated Commissioning 2020



Estimated commissioning - 2021

Aim:

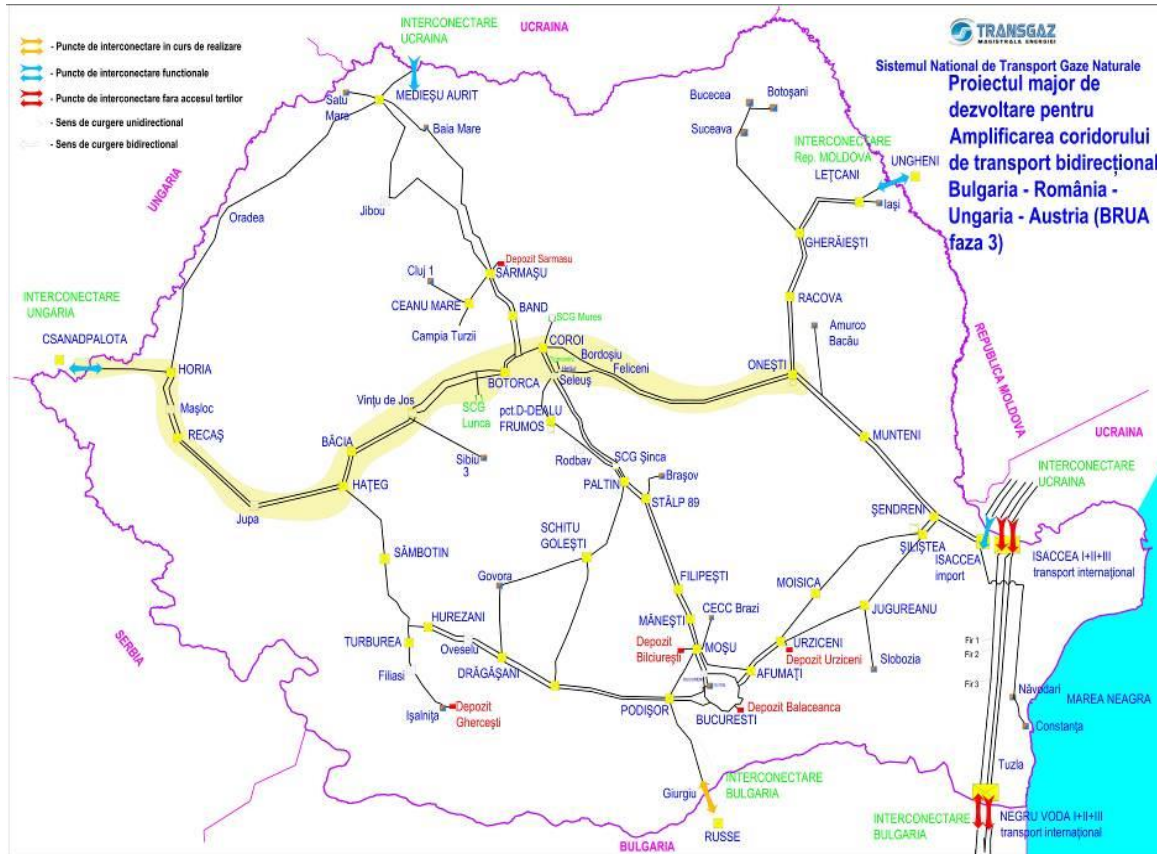
- enhancing gas supply to North – East Romania
- ensuring 1.5 bcm/y transmission capacity at the interconnection point between the transmission systems of Romania and Moldova

Necessary investments:

- construction of a DN 700 x 104.1 km pipeline, in the Gherăești - Letcani direction
- construction of a DN 700 x 61.05 km pipeline, in the Gherăești - Letcani direction
- construction of a compressor station at Gherăești of 9.14 MW
- construction of a compressor station at Onești 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:

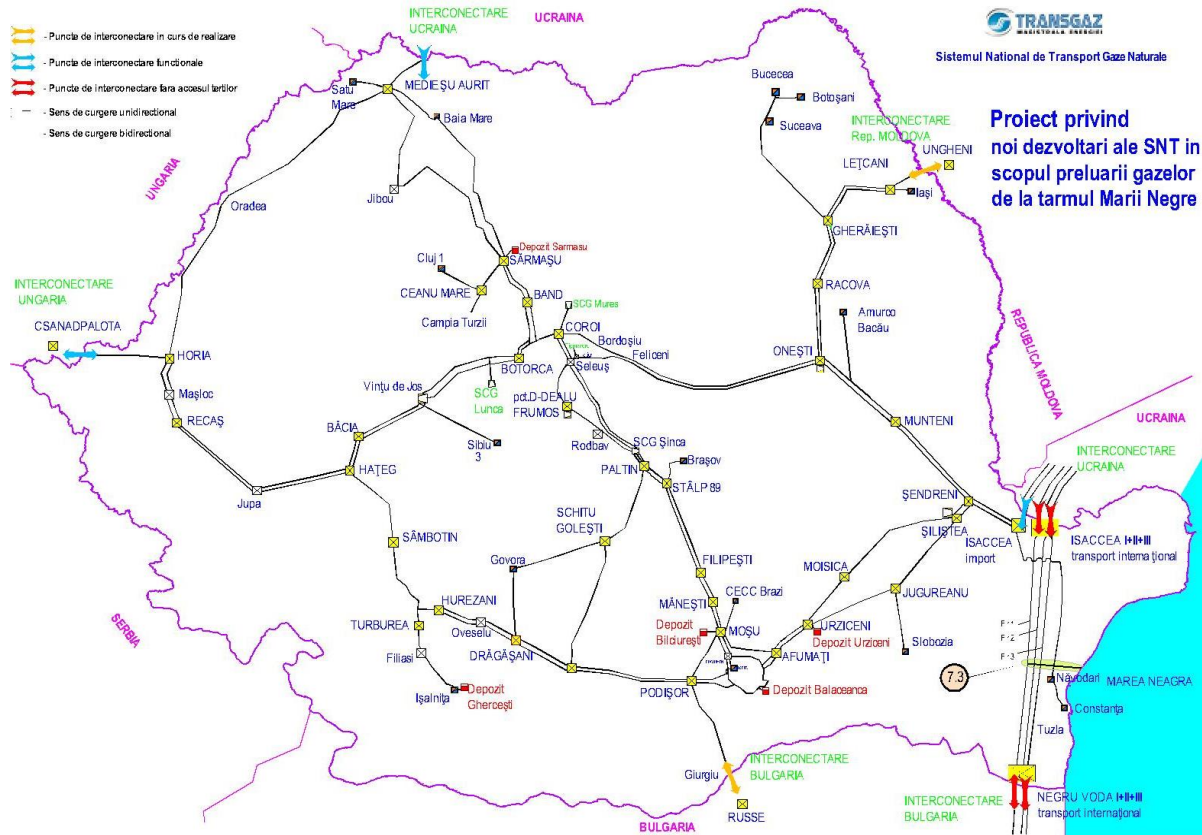
- rehabilitation of some pipeline sections
- replacement of existing pipelines with new larger diameter and operating pressure pipelines
- four or five new gas compressor stations

Capacity increase:

- 4.4 bcm/y to Hungary

Total estimated costs:

- 530 mil. Euro



Estimated commissioning 2021

Aim:

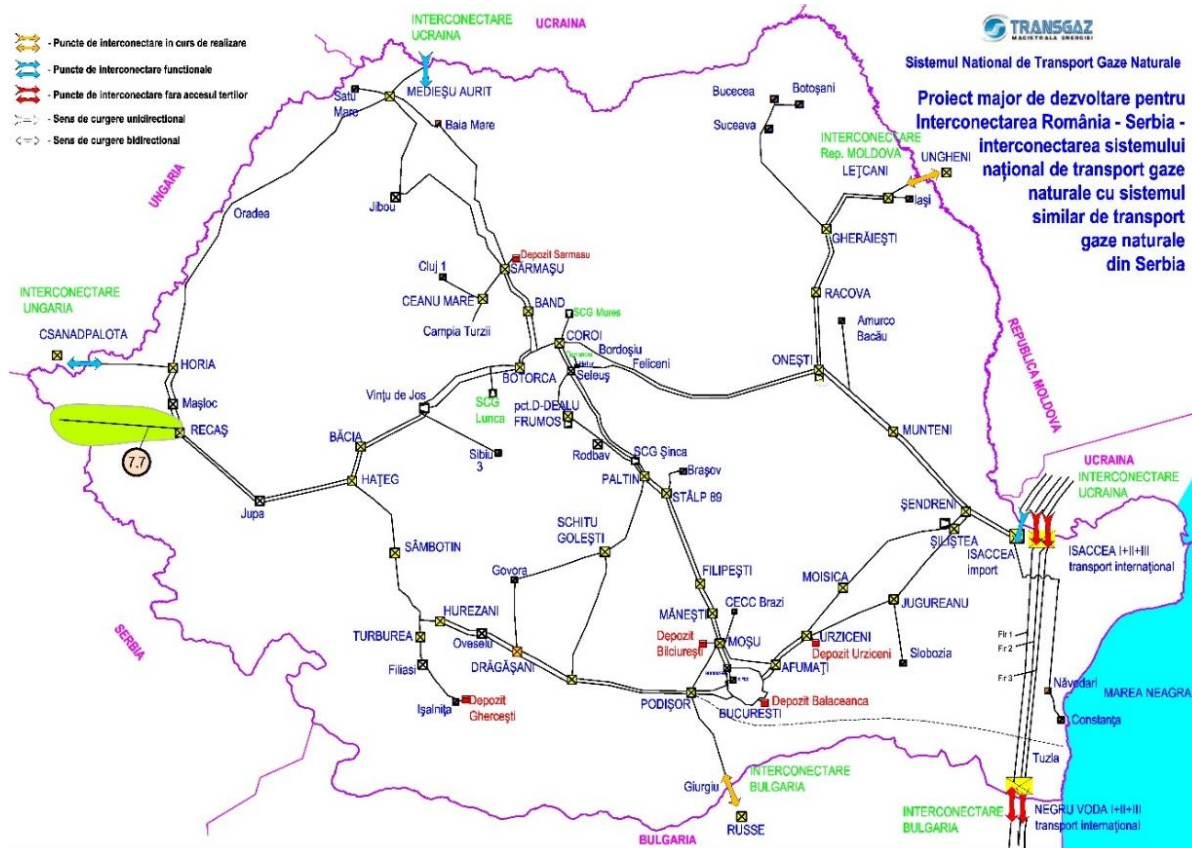
- creation of an additional point for taking over natural gas discovered in the submarine exploitation perimeters of the Black Sea

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

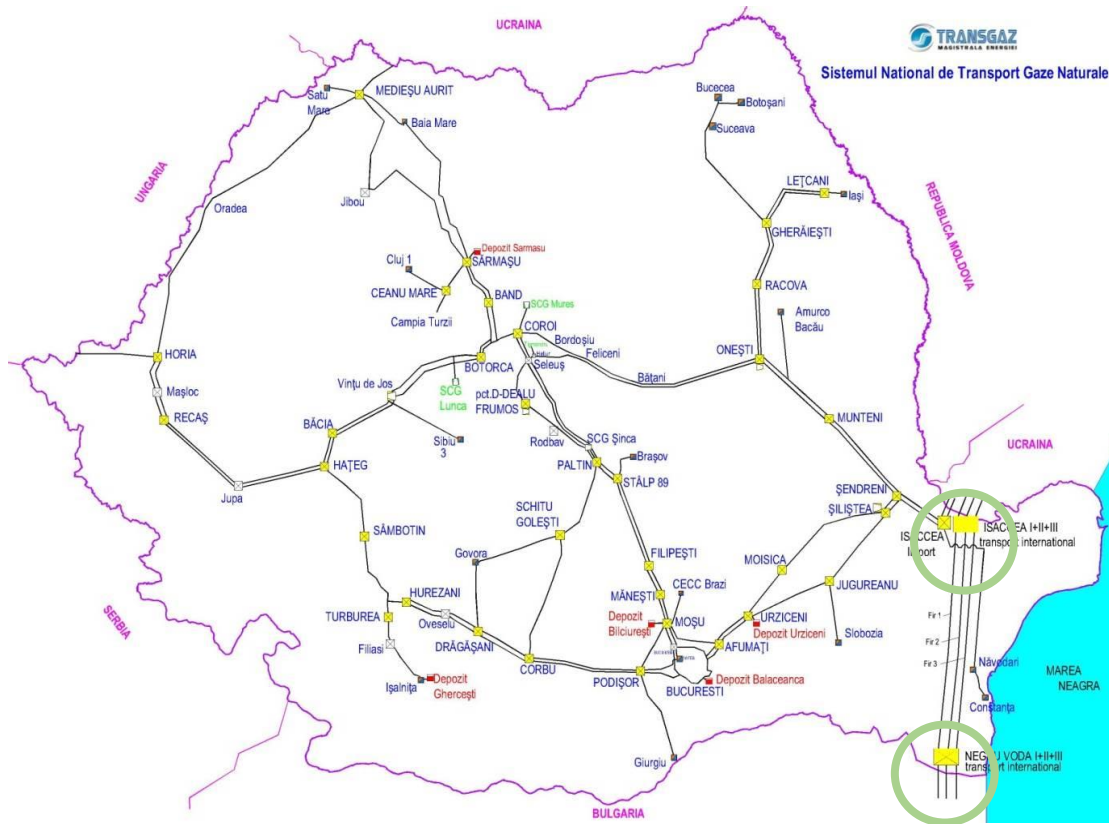
Necessary investments:

- construction of an approximately 97km long pipeline in the Receaș – 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 GMS at Comloșu Mare

Total estimated costs:

- 56.21 mil. Euro

Estimated commissioning - 2021



Aim:

- increasing the level of energy security in the region

Necessary investments:

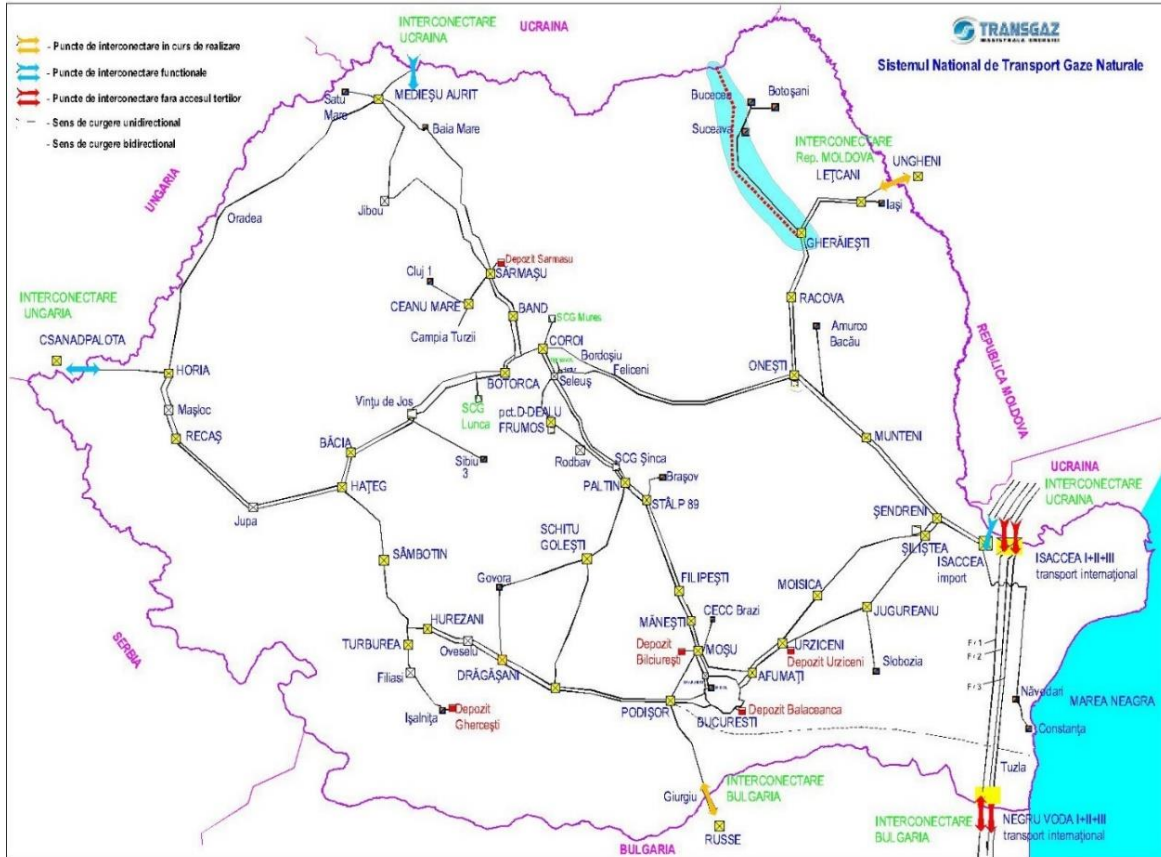
- construction of two new bidirectional gas metering stations, replacing the existing ones . In the case of GMS Isaccea 1 the station will be built in the current station and in the case of GMS Negru Voda 1 on a location situated close to the location of the existing station

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:

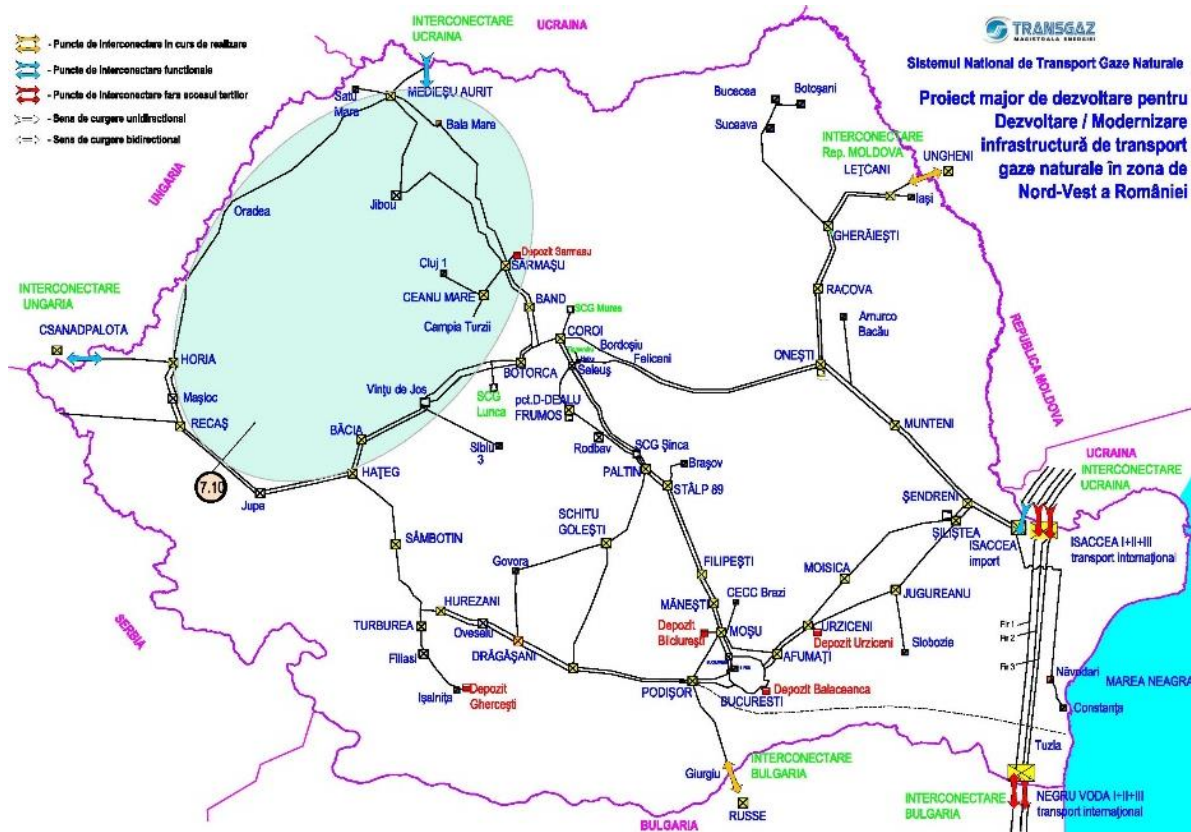
- increasing energy security to the region

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



Estimated commissioning - 2026

Aim:

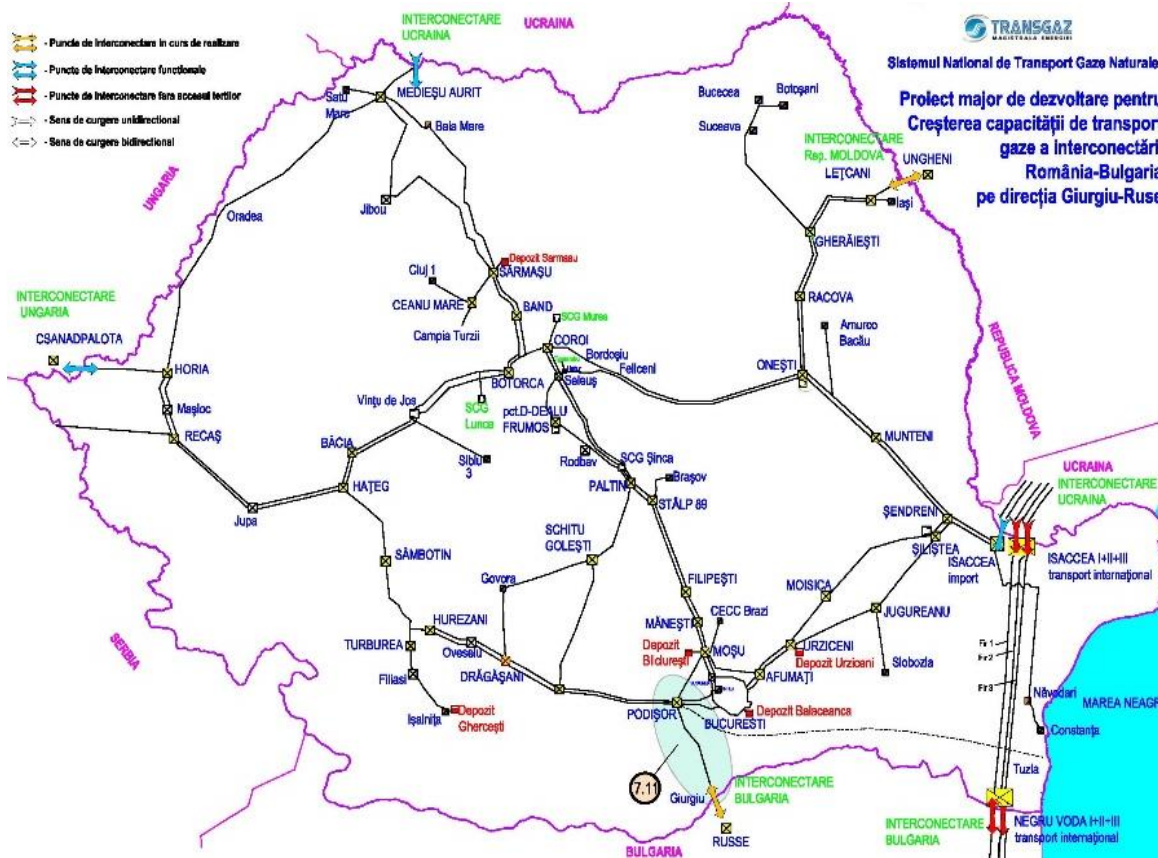
- creation of new gas transmission capacities

Necessary investments:

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

Total estimated costs:

- **405 mil. Euro**



Aim:

- enhancing security of energy supply to the region

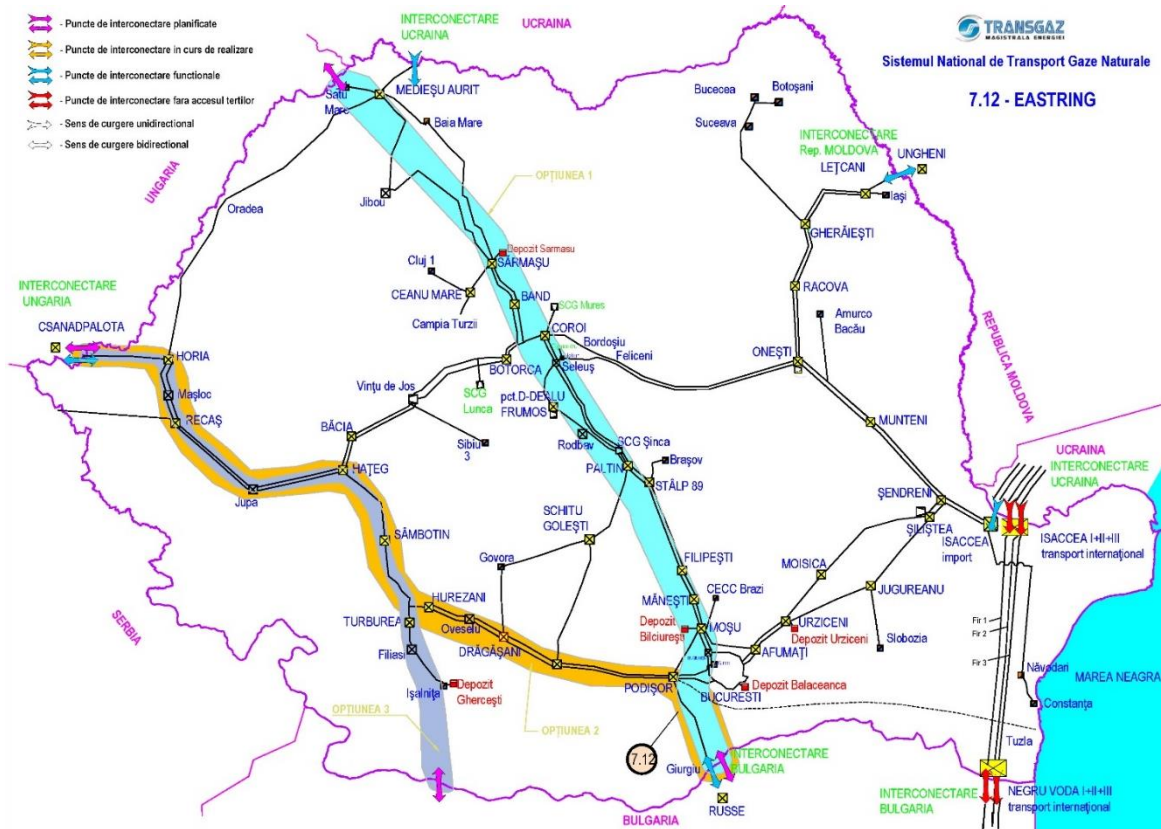
Necessary investments:

- 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 - 2027



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.

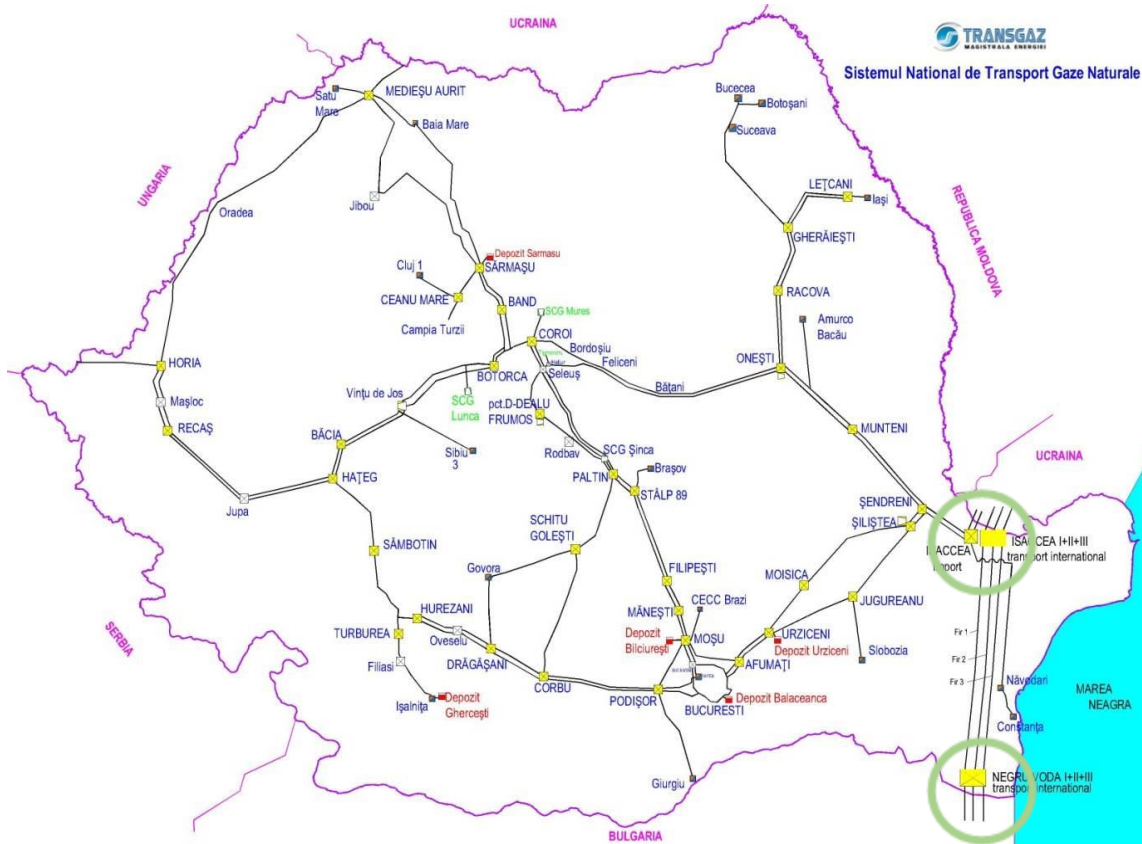
According to the feasibility study, the project will be implemented in two stages as follows:

- 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



Estimated commissioning - 2024

Aim:

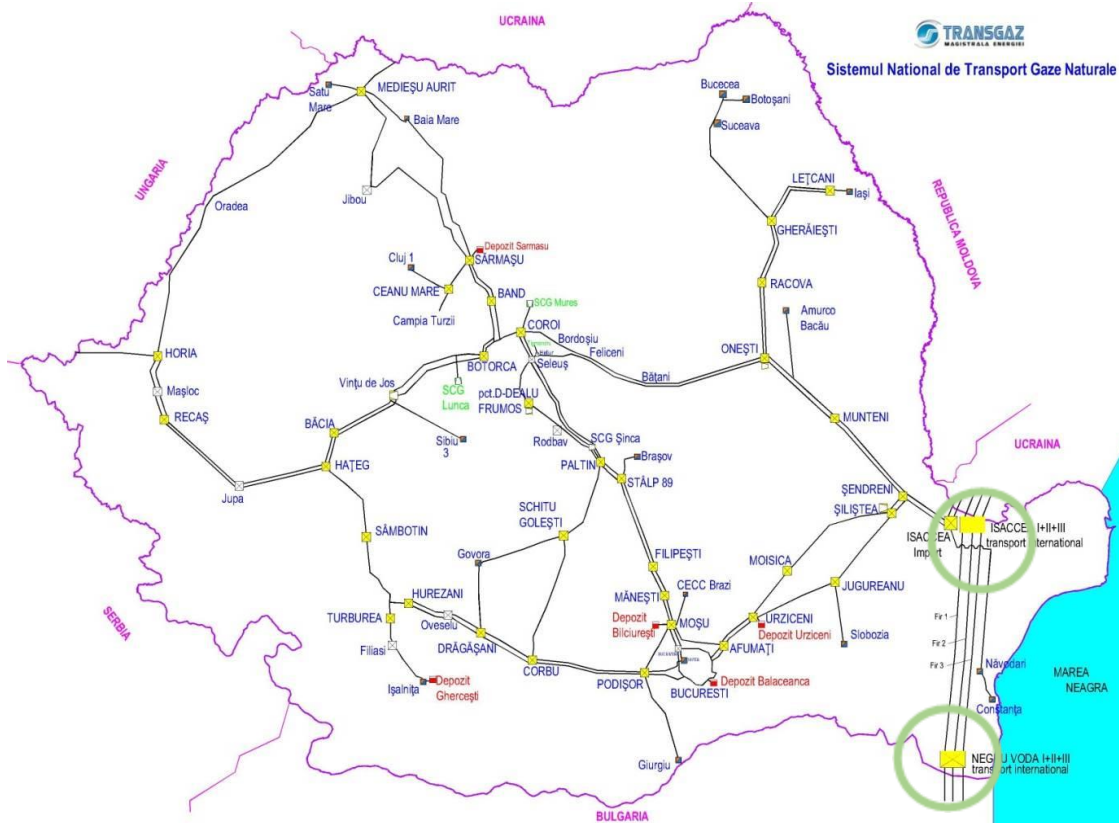
- increasing the level of energy security in the region

Necessary investments:

- modernization of the existing gas metering stations

Total estimated costs:

- **26.65 mil. Euro**



Estimated commissioning - 2028

Aim:

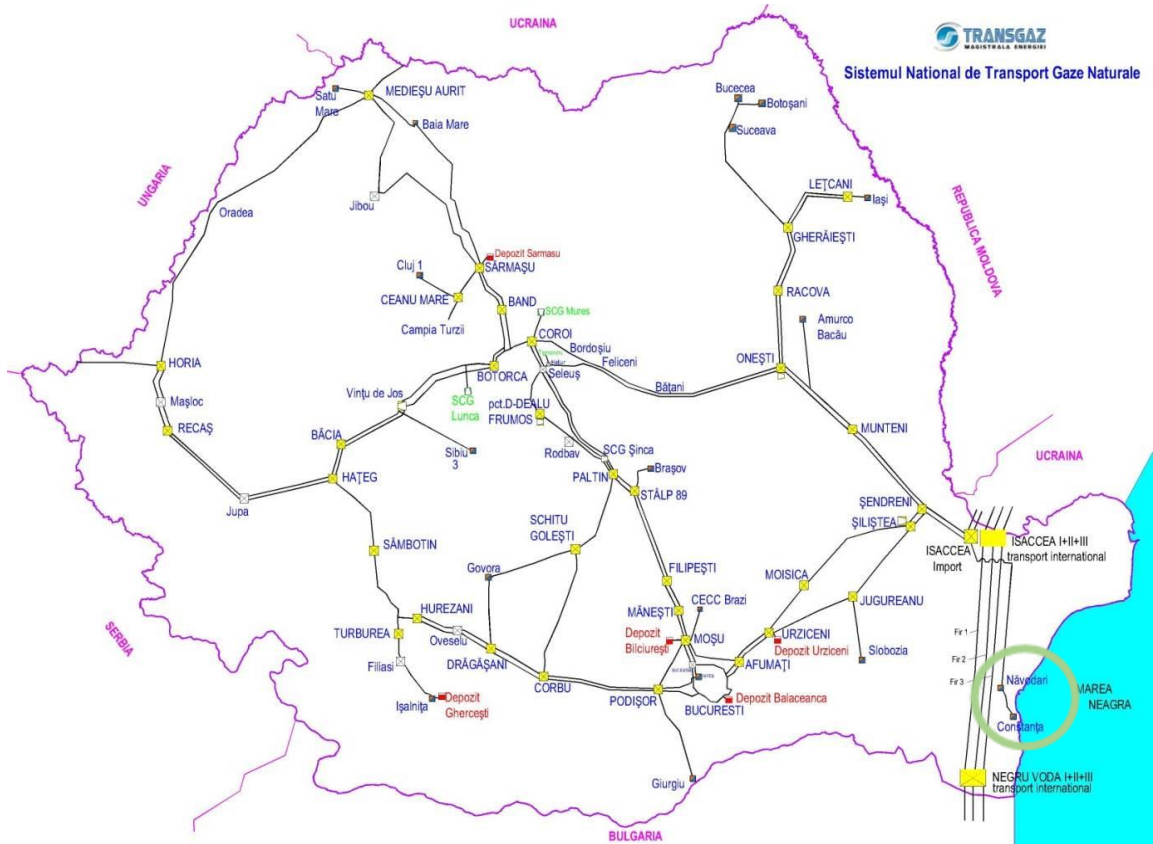
- increasing the level of energy security in the region

Necessary investments:

- modernization of the existing gas metering stations

Total estimated costs:

- **26.65 mil. Euro**



Estimated commissioning - 2028

Aim:

- taking over natural gas from the Black Sea coast

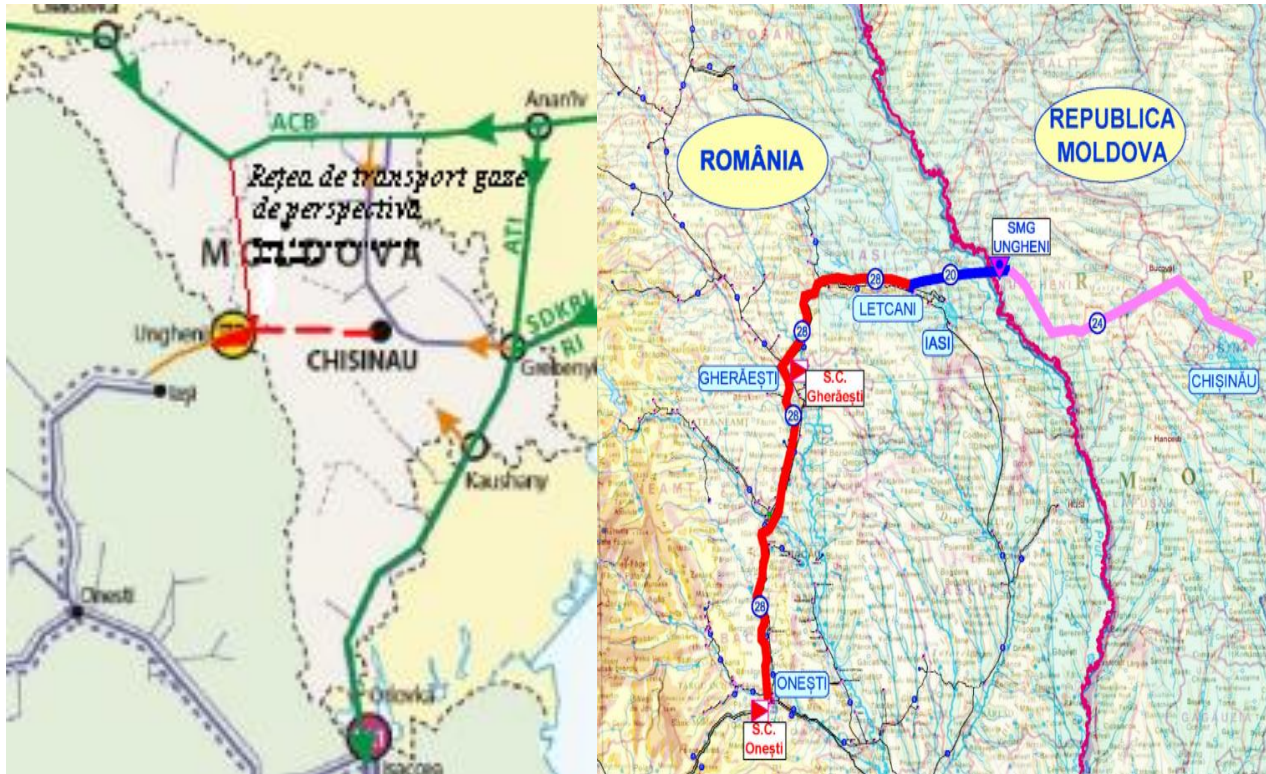
Necessary investments:

- 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



Commissioning start of operation

End 2019

Completion construction of Ghidighici complex

2020

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.

Necessary investments:

- 4 metering regulating stations (at Semeni in Ungheni district, Ghidighici, Petricani and Tohatini - Chișinău)
- DN 600 55 bar 110 km-long pipeline
- 11 block valves assemblies for the pipeline route
- 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
- one 2.6 km long connection to MRS Ghidighici, DN 300, NP 55 bar
- bidirectional gas metering node at Tohatini to connect the envisaged pipeline Ungheni – Chisinau and the existing Moldavia gas transmission system operated by MOLDOVATRANSGAZ
- an operating complex at Ghidighici where the head office of VESTMOLDTRANSGAZ

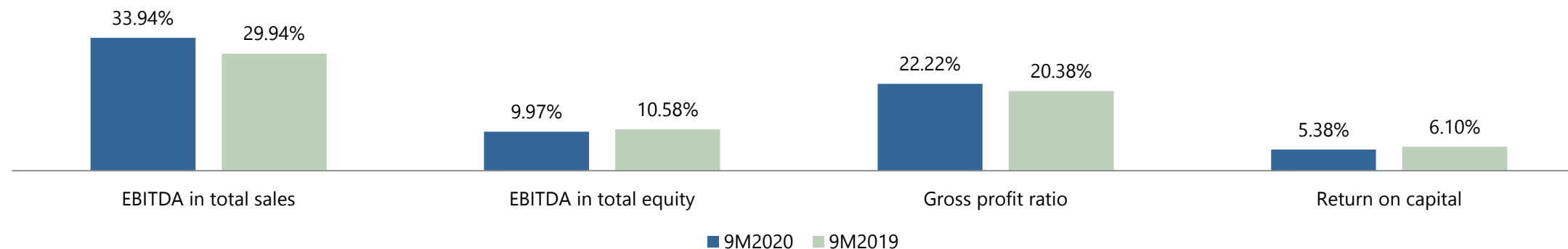
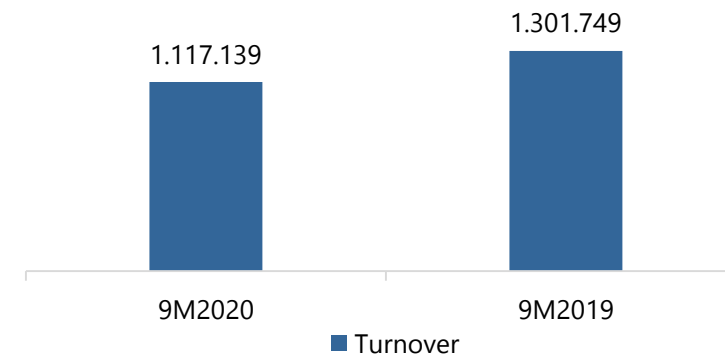
Total estimated costs:

- 93 mil. Euro

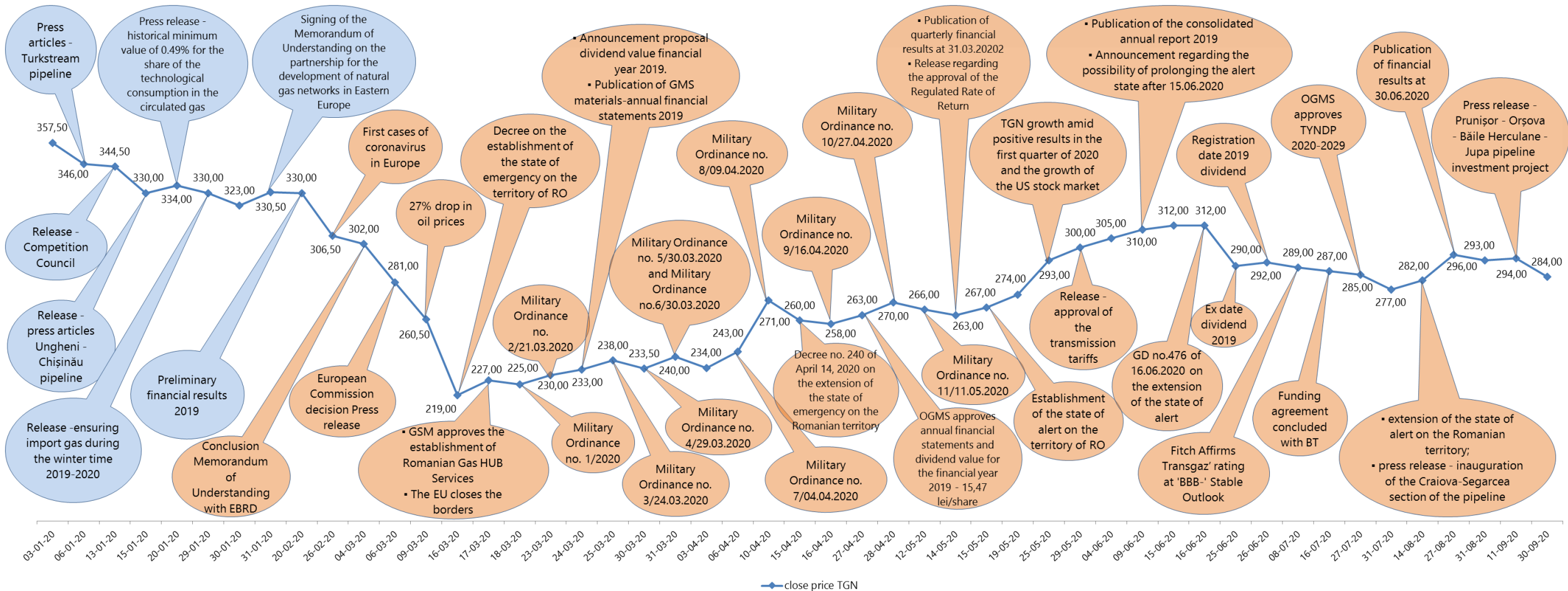
6. Main indicators

	9 months 2020	9 months 2019
EBITDA in total sales	33.94%	29.94%
EBITDA in total equity	9.97%	10.58%
Gross profit ratio	22.22%	20.38%
Return on capital	5.38%	6.10%
Current liquidity ratio	1.64	2.95
Quick liquidity ratio	1.06	1.74
Gearing	31.15%	12.85%
Interest coverage ratio	18.58	100.44
Turnover speed for clients debit - days	151.53	134.73
Turnover speed for credit providers - days	58.65	37.27

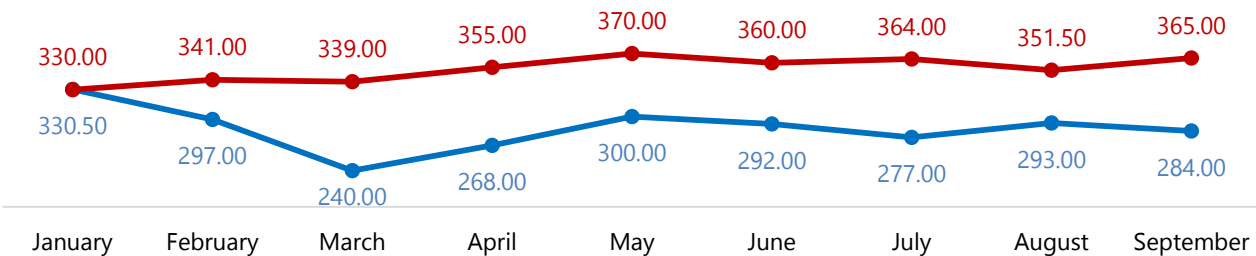
30.09.2020 compared to 30.09.2019



Stock Exchange TGN Evolution (1)



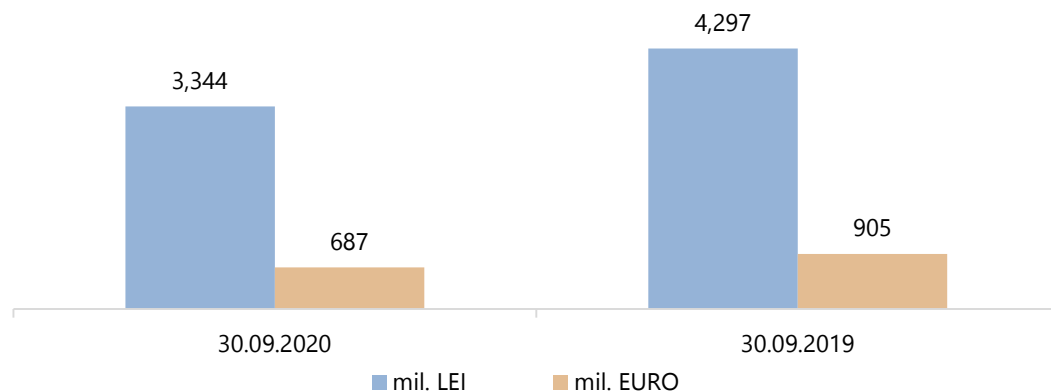
Stock Exchange TGN Evolution (2)



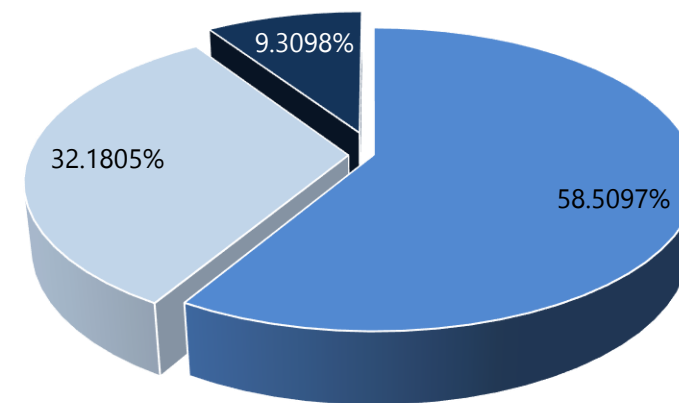
● Close price TGN 2020 ● Close price TGN 2019

Stock market index name	TGN share 30.09.2020	Position held in the compenence of the index
BET	4.72%	6
ROTX	3.85%	7
BET-NG	13.78%	3
BET-TR	4.56%	6
BET-XT	4.56%	6
BET-BK	4.70%	11

Market capitalization



Shareholders structure at September 24, 2020



■ Romanian State through GSG ■ Legal persons ■ Natural Persons

Stock Exchange TGN Evolution (3)



Published on TradingView.com, October 13, 2020 10:52:02 EEST
BVB:TGN, D 0:278,0000 H:280,0000 L:278,0000 C:278,0000



TradingView

Published on TradingView.com, October 13, 2020 10:55:07 EEST
BVB:TGN, D 0:278,0000 H:280,0000 L:278,0000 C:278,0000



TradingView

Stock Exchange TGN Evolution (4)



Published on TradingView.com, October 13, 2020 10:54:08 EEST
BVB:TGN, D 0:278,0000 H:280,0000 L:278,0000 C:278,0000



TradingView

Published on TradingView.com, October 13, 2020 11:08:08 EEST
BVB:TGN, D 0:278,0000 H:280,0000 L:278,0000 C:278,0000

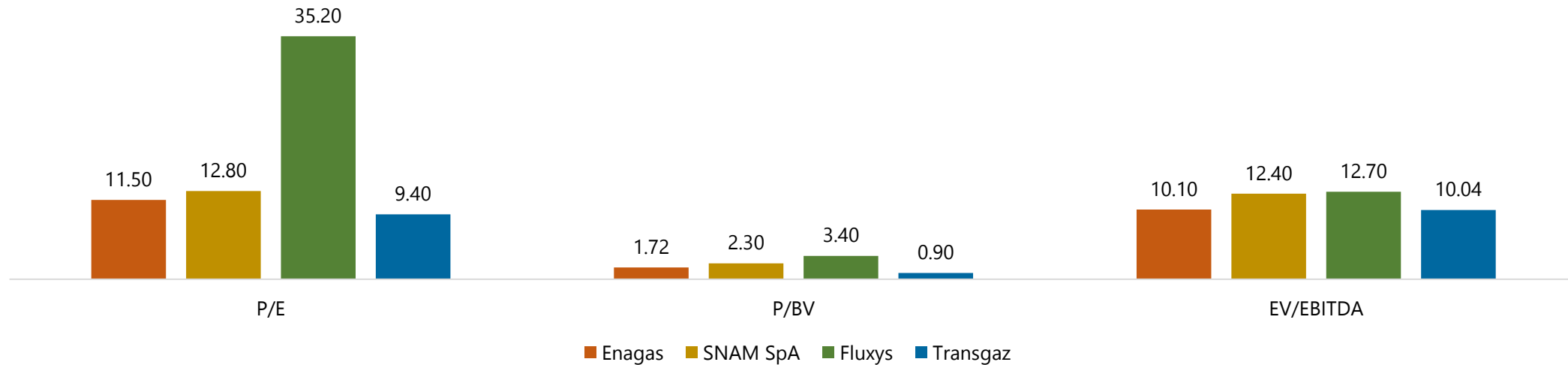
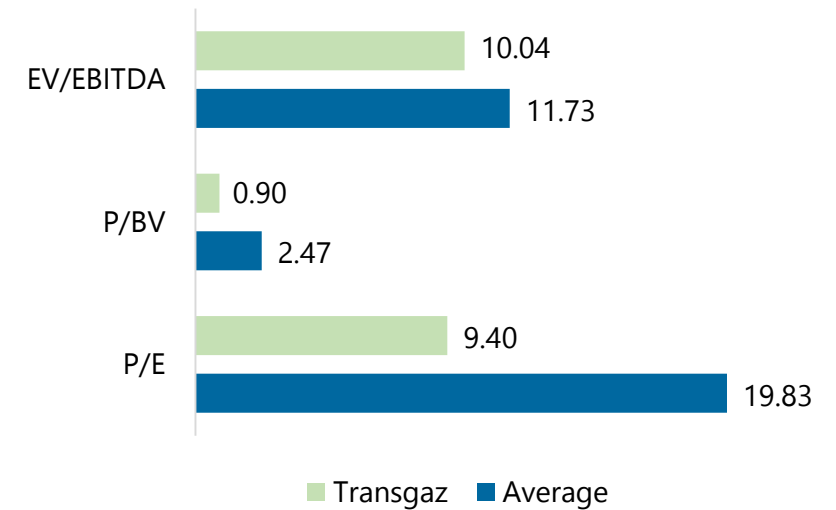


TradingView

TRANSGAZ COMPARED TO PEERS

Company		P/E	P/BV	EV/EBITDA
Enagas	Spain	11.50	1.72	10.10
SNAM SpA	Italy	12.80	2.30	12.40
Fluxys	Belgium	35.20	3.40	12.70
Average		19.83	2.47	11.73
Transgaz	Romania	9.40	0.90	10.04
Premium/Discount	Spain	-52.61%	-63.61%	-14.43%

Source: Bloomberg, 14.10.2020





Thank you for your kind attention!