



romania2019.eu
Președinția României la Consiliul Uniunii Europene

01.01.2019 -30.06.2019

COMPANY PRESENTATION



2019

A RESPONSIBLE COMPANY, A COMPANY OF THE FUTURE!

SNTGN TRANSGAZ is the technical operator of the National Natural Gas Transmission System and ensures the performance in terms of efficiency, transparency, safety, non-discriminatory access and competitiveness of the national strategy established for domestic and international transmission, natural gas dispatching, research and design in the field of natural gas transmission, in compliance with the national and European legislation and standards of quality, performance, environment and sustainable development.

In recognizing the importance of TRANSGAZ both as a driver of activities in the national economy and as a vector of the economic growth of the country, by its role in the development of the energy sector and in the transformation of Romania into an energy power of Europe, the company's administrators undertook to further launch and implement one of the largest and most important gas transmission infrastructure development plan in Romania over the past 20 years, with investment projects estimated at 1.9 billion euros.

The strategic vision of those who currently bear the responsibility of the company's destiny today is to focus on professional and efficient management, on the ability to cope with challenges and constraints, on the development and modernization of the national gas transmission infrastructure, on the competitiveness and the capitalization of existing and future opportunities, so that TRANSGAZ becomes a recognized transmission on the international gas market, a leader in the energy market in the region, an important bridge in the national and European energy chain. By pursuing the proposed objectives of operational efficiency, performance optimization and sustainable development of the company and complying with the principles of good corporate governance, the company's administrators carry out their mandate in a responsible, efficient, transparent and professional manner towards all stakeholders.

ION STERIAN
DIRECTOR GENERAL



MODERN, DYNAMIC EXCELLENCE ORIENTED COMPANY!

VISION

The company intends to become an internationally recognized gas transmission operator, a leader on the energy market in the region, with a modern national gas transmission system, integrated at European level and a very competitive management system according to the best corporate governance practices.

MISSION

SNTGN TRANSGAZ SA is the sole operator of the National gas transmission system, (NTS), ensuring the transmission of over 90% of the gas consumed in Romania, under safety, efficiency and competitiveness, in line with European standards of performance and environmental protection.



ACTIVITĂȚI

Transgaz was set up based on the GD no. 334/ 28 April 2000 and carries out the following activities:

- ❑ *Domestic gas transmission – activity regulated by monopoly, with tariffs set based on the methodology issued by National Regulatory Authority for Energy;*
- ❑ *International gas transmission – non regulated activity achieved through dedicated pipelines, with tariffs set in line with the commercial contracts concluded between the parties.*
- ❑ *natural gas dispatching and research and design in the field of natural gas transmission*

CURRENT NTS INFRASTRUCTURE

Over 13,350 km of main gas transmission pipelines and connections for gas supply, of which 370 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;

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

1.039 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 to build new connections, rehabilitate parts of the existing system, and build new compression stations.



WE TRANSMIT GAS IN EFFICIENCY AND MAXIMUM SECURITY CONDITIONS

SHAREHOLDING

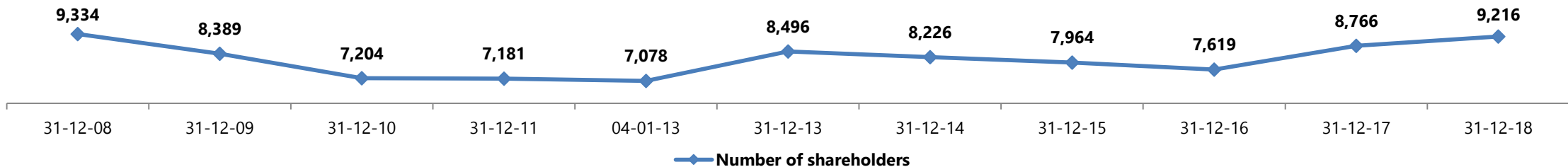
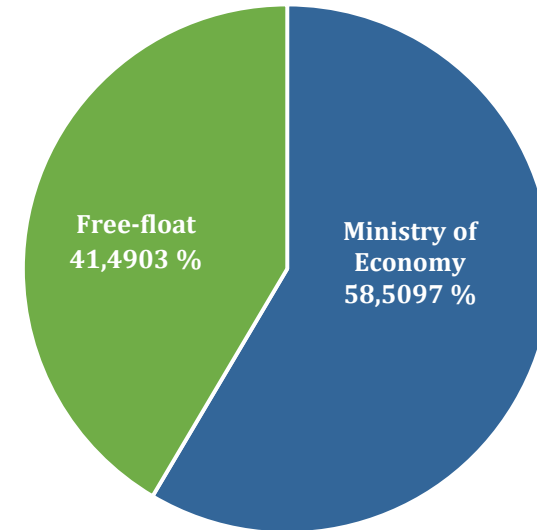
As of 2008, TRANSGAZ is an active presence on the capital market in Romania, being listed on the Bucharest Stock Exchange

CERTIFICATIONS

In line with the unbundling requirements of the Third Energy Package, TRANSGAZ obtained the certification as independent system operator. TRANSGAZ obtained the certification of the integrated quality management system ISO 9001 and ISO 14001 by IQ Net (International Quality Network) and OHSAS 18001, company recognized for quality assurance, health and safety.

CORPORATE GOVERNANCE

As a company listed on the Bucharest Stock Exchange, TRANSGAZ adopted corporate governance practices and developed responsible and transparent business practices. Transgaz' management bodies are the general shareholders meeting, the board of administration, the consultative committees and the executive management delegated to the director general.

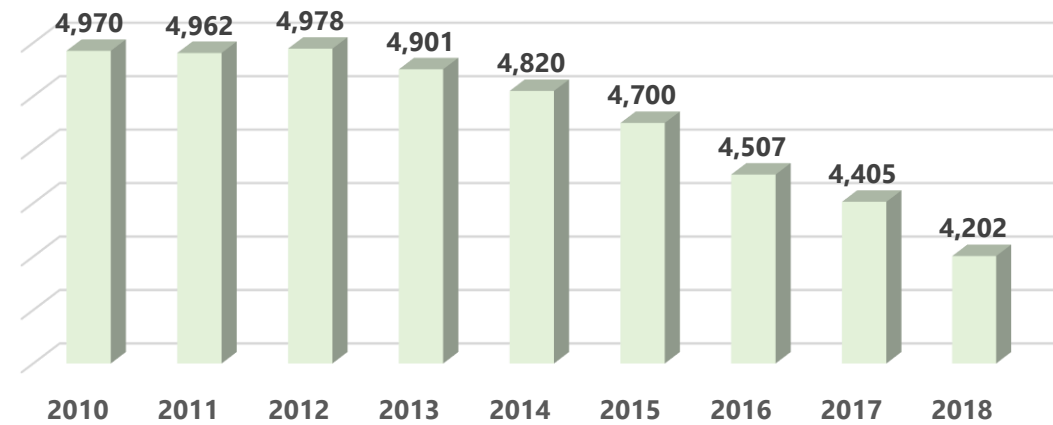




Transgaz is structured by functional units (departments, units, departments, offices, compartments etc.) and production entities (9 regional offices, sectors, laboratories, working units etc.).

Transgaz has a great number of engineers and technical staff specialized in research and design, exploitation, maintenance and technical assistance in gas transmission.

The company undertakes to increase the percentage of highly qualified specialists among the staff and to increase the level of education of the working personnel.





Transgaz has a research and design department in the field of natural gas transmission consisting of 146 specialists with experience of over 25-30 years. 88% of them are certified and specialized in research, design, technical assistance, oil and gas, chemistry and biochemistry, energy efficiency, reduction of technological consumption, feasibility studies of rehabilitation projects and investments in modernization and development of NTS, testing, approval and certification of equipment.

The research and design activity includes very complex strategic activities aiming at:

Rehabilitation and upgrading of the gas transmission system so as to increase safety;

Increasing energy efficiency;

Metering gas flows;

Environmental and labour protection;

Issuing regulations, technical requirements, standards, working procedures in the field of gas transmission and other connected fields;

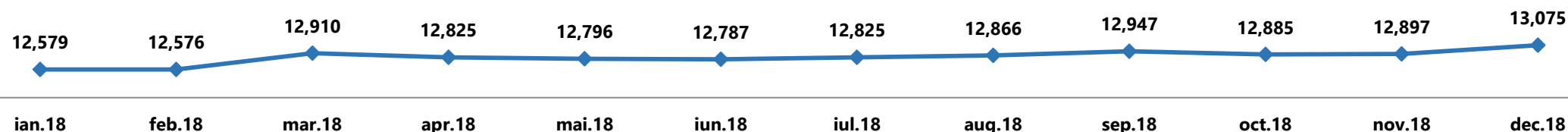
Transgaz' specialists have provided technical assistance to construction companies for the design and construction of international gas pipelines in Romania. TRANSGAZ has designed the gas pipelines in the system and has substantially contributed to the achievement of the investment objectives and to the maintenance of the NTS.

Considering its complex and extensive investment program, TRANSGAZ has developed significant capabilities to ensure competitive financing. The company has a professional department for accessing European funds and international relations.

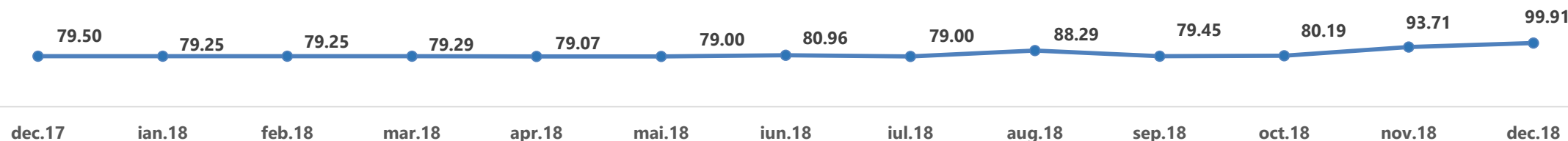
KEY FACTORS OF THE ACTIVITY



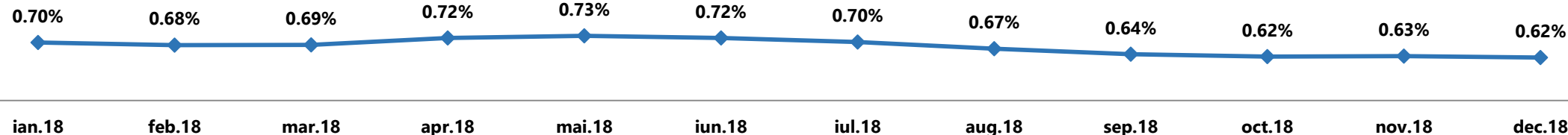
Circulated natural gas (including storage) - mil.cm - rolling 12 months



Price (lei/MWH) for technological consumption



Technological consumption in total circulated gas (rolling 12 months)



Circulated gas, of which:		Q I 2018	Q II 2018	Q III 2018	Q IV 2018
		MWh	46.975.236,501	25.167.343,607	27.230.967,333
- storage	thousand m ³	4.374.858,158	2.346.384,527	2.539.374,064	3.814.059,287
	MWh	263.565,147	8.431.856,599	10.895.380,254	1.492.112,535
	thousand m ³	24.652,100	786.541,285	1.018.216,897	141.333,753
Share of storage in the circulated gas		0,56%	33,50%	40,01%	3,65%



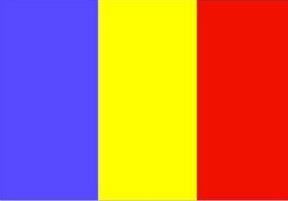
Transgaz

Partners

ENTSOG European Network of Transmission System Operators for Gas
DG ENER Directorate-General for Energy
ACER Agency for the Cooperation of Energy Regulators
INEA Innovation and Networks Energy Agency
GIE Gas Infrastructure Europe
ICC Romania International Chamber of Commerce
AMCHAM Romania
CIA Chamber of Commerce, Industry and Agriculture Sibiu
CRE Romania Energy Center
World Energy Council
ARRM Romanian Association for Rupture Mechanics
Gas Workers' Association
SIPG
Operator Plinskoca Transportnoc Sustava
PIGGING PRODUCTS & SERVICES ASSOCIATION

SNGN ROMGAZ SA
DEPOGAZ
DEPOMUREŞ
GAZPROM EXPORT
EXXONMOBIL
LUKOIL
BLACK SEA OIL AND GAS
OMV PETROM SA
OMV PETROM GAS SRL
BULGARGAZ
BULGARTRANSGAZ
FGSZ LTD
SRBIJAGAZ
MOLDOVAGAZ

UKRTRANSGAZ
SOCAR
GRTGAZ
ICGB
DESFA
ENGIE ROMANIA SA
E.ON GAZ FURNIZARE SA
E.ON ENERGIE ROMANIA SA
ELECTROCENTRALE BUCUREŞTI
PREMIER ENERGY SRL
MET ROMANIA ENERGI MARKETING
TINMAR ENERGY SA



As a gas transmission system operator certified according to the Third Energy Package, of July 2010 TRANSGAZ is member of ENTSOG (The European network of *Gas transmission system operators*), organization within which the company cooperates with all European transmission system operators.



By means of the Ten years National Gas Transmission System Development Plan, TRANSGAZ proposes major investment projects, estimated at over EUR 1.9 billion, investments for the strategic and sustainable development of the Romanian gas transmission infrastructure and its compliance with the requirements of the European regulations in the field.

Continuity of the activity and ensuring safety and security of gas supply

- ✦ Increasing the level of security of the NST and gas supply safety
- ✦ Competitive energy markets – by creating the necessary technical conditions for the development of the gas market
- ✦ The Modernization of the Corporate Governance System

Increasing the COMPETITIVITY of the company

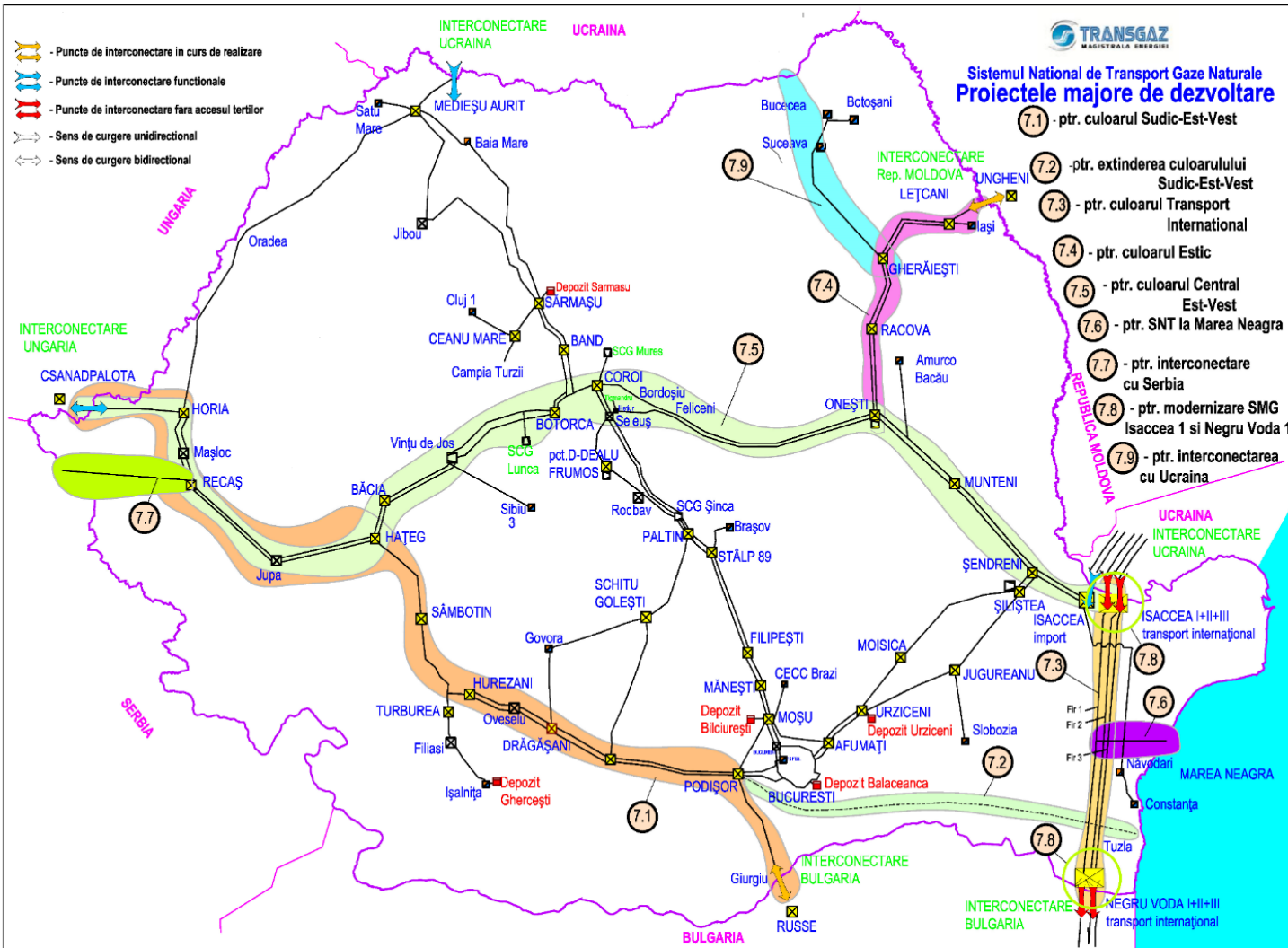
- ✦ Development and modernization of all of the operational processes
- ✦ Increasing energy efficiency and reduction in the negative impact of the technological processes upon the environment

Increasing the SUSTAIBANLE DEVELOPMENT of the company by increasing the human, organizational and human resources and the alignment with the relevant European regulations for the activity of the company and ensuring sustainability.

- ✦ Optimizatoin of the human resources management process
- ✦ Alignment to the relevant european regulations for the activity of the company and ensuring sustainability
- ✦ Optimization of teh risk management process
- ✦ Increasing institutional integrity

Maintaining financial balance and operational stability

- ✦ Ensuring financial, economic and social performances
- ✦ Maintaining financial balance andoperational stability



□ Against the background of a significant dependence of the European energy market on the import of energy resources from Russia and Middle East, the role of the gas reserves discovered at the Black Sea is without a doubt major for:

- *Romania's energy security;*
- *strengthening Romania's position as an important player in the EU as an energy producer and exporter;*
- *Inclusion of the country in the major gas transmission routes of Europe,*
- *Increasing the economic welfare of teh country in the future decades.*

- In the perspective of the year 2027, with the necessary interconnections, Romania will have several gas import options by:
- *The regional liquefied gas terminals (GNL) from Greece, Croatia and Poland on the Romanian market will be able to procure gas from the Levantin Basin (East Mediterranean);*
 - *Bulgaria –Romania interconnection Caspian gas will be able to be imported from the Southern Gas Corridor.*

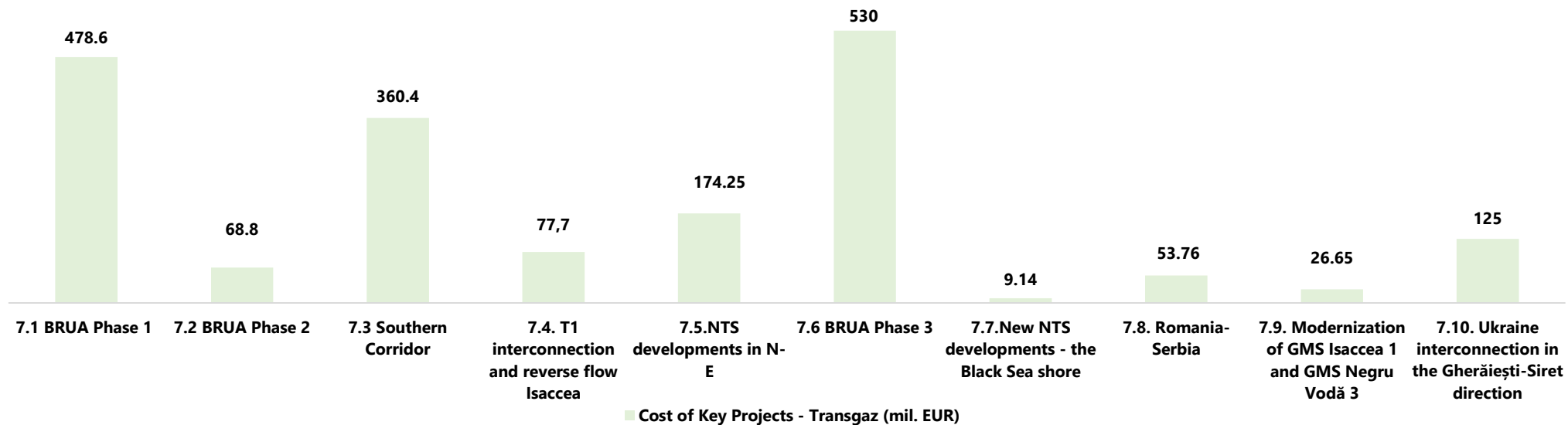
No.	Project	Estimated value mil Euro	Updated deadline	Importance of the project	Project statue
7.1.1	Development on Romania's territory of the National Gas Transmission System on the Bulgaria - Romania - Hungary – Austria Corridor (Phase 1)	478,6	2020	Ensuring a natural gas transmission capacity to Hungary 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 Bulgaria - Romania - Hungary – Austria Corridor (Phase 2)	68,8	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 Southern Transmission Corridor for taking over the natural gas from the Black Sea coast	360,36	2021	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	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 I: 2018 Phase II: 2020	Transgaz has a great interest in implementing this project for the following grounds: <ul style="list-style-type: none"> in order to eliminate the possibility of imposing extremely costly financial penalties by the European Commission; to secure the most substantial revenue by capacities capitalizing after take-or-pay contracts expire. 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	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.	A non FID
7.5	Amplification of the bidirectional gas transmission corridor Bulgaria - Romania - Hungary - Austria (BRUA Phase 3) *	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	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.	A non FID
7.7	Romania – Serbia interconnection	53,76	2020	Establish an interconnection pipeline with Serbia to diversify sources of supply and increase energy security in the region.	A non FID
7.8	Modernization of Isaccea 1 and Negru Vodă 1GMS	26,65	2021	Establish an interconnection pipeline with Serbia to diversify sources of supply and increase energy security in the region. Modernization of gas stations at interconnection points to increase energy security in the region.	FID
7.9	Interconnection of the national gas transmission system with the natural gas transmission system of Ukraine, in the Gherăești – Siret direction.	125	2025	Establishing an interconnection with Ukraine in the Gherăești -Siret direction, in addition to the NTS development project in the North-East of Romania, in order to improve the natural gas supply in the area.	LA non FID
TOTAL (2018-2027), of which:		~EURO 1,9 billion			
TOTAL PROJECTS FID AND A non FID		~ EUR 1,25 billion			

The financing modalities considered for the achievement of the key projects for the development of the National Transmission System between 2018 – 2027 from:

- own sources;
- attracted sources.

The value of the FID și A non FID key projects of Transgaz for 2018-2027 is of approx. EUR 1.27 billion, and will be 35% covered from own sources, and 65%, from attracted sources.

SNTGN Transgaz SA seeks, to obtain, through sustained efforts, financial support for the financing of investment projects having an impact on the modernization, upgrading and development of the NTS infrastructure in order to obtain a financing mix which provides the lowest cost to finance the development plan.



integration of the natural gas market and interoperability of natural gas transmission systems in the region;

convergence of gas prices in the region

increasing the flexibility of the European gas transmission system by bidirectional interconnections;

opening the access of Romania and of the European Union to a new natural gas source - through the interconnection of the BULGARIA - ROMANIA - HUNGARY – AUSTRIA corridor with the Black Sea;

increasing competition on the European gas market by diversifying sources, transport routes and companies active in the region;

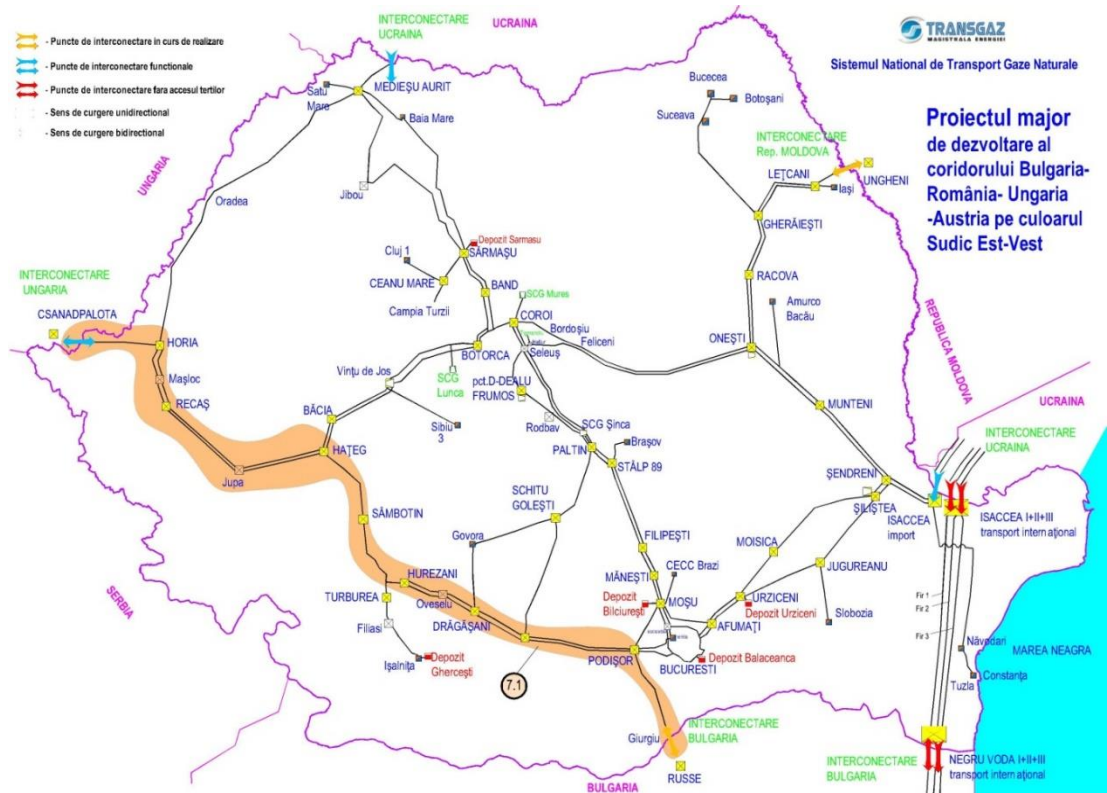
increasing security of gas supply;

reducing dependence on Russian natural gas imports;

boosting development of renewable energy production in the region (especially wind and solar energy) considering the possibility of using natural gas as a backup option for renewable energies, which leads to a significant increase in the sustainability of the proposed projects.

Corridor between Bulgaria and Hungary (ROHUAT / BRUA), Phase 1

EU GRANT - 179 MILL. EURO



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

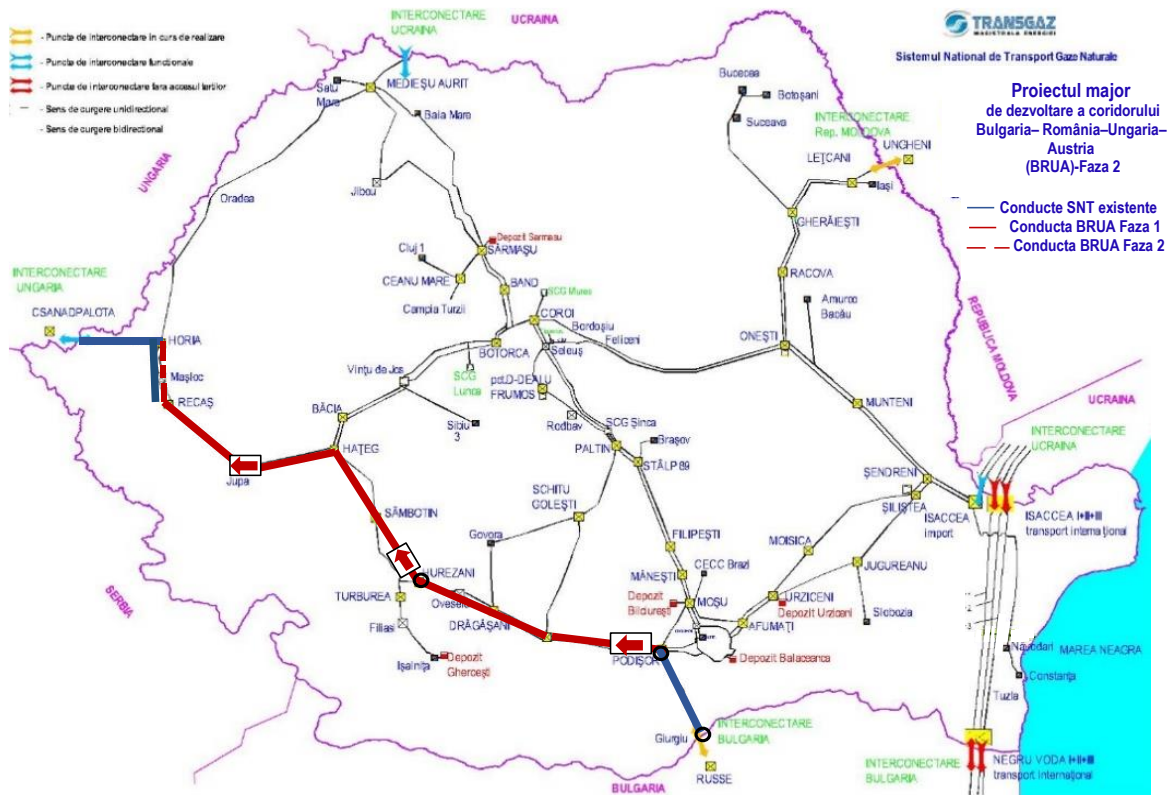
Total estimated costs

- 478.6 mil. Euro

Final investment decision– 2016

Estimated commissioning -2020

Corridor between Bulgaria and Hungary (ROHUAT / BRUA), PHASE 2



- **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

- 32" x 63 bar ~50 km Recea-Horia pipeline
- increasing the capacity of the three existing compressor stations (Jupa, Bibești, Podșor)
- extension of Horia GMS

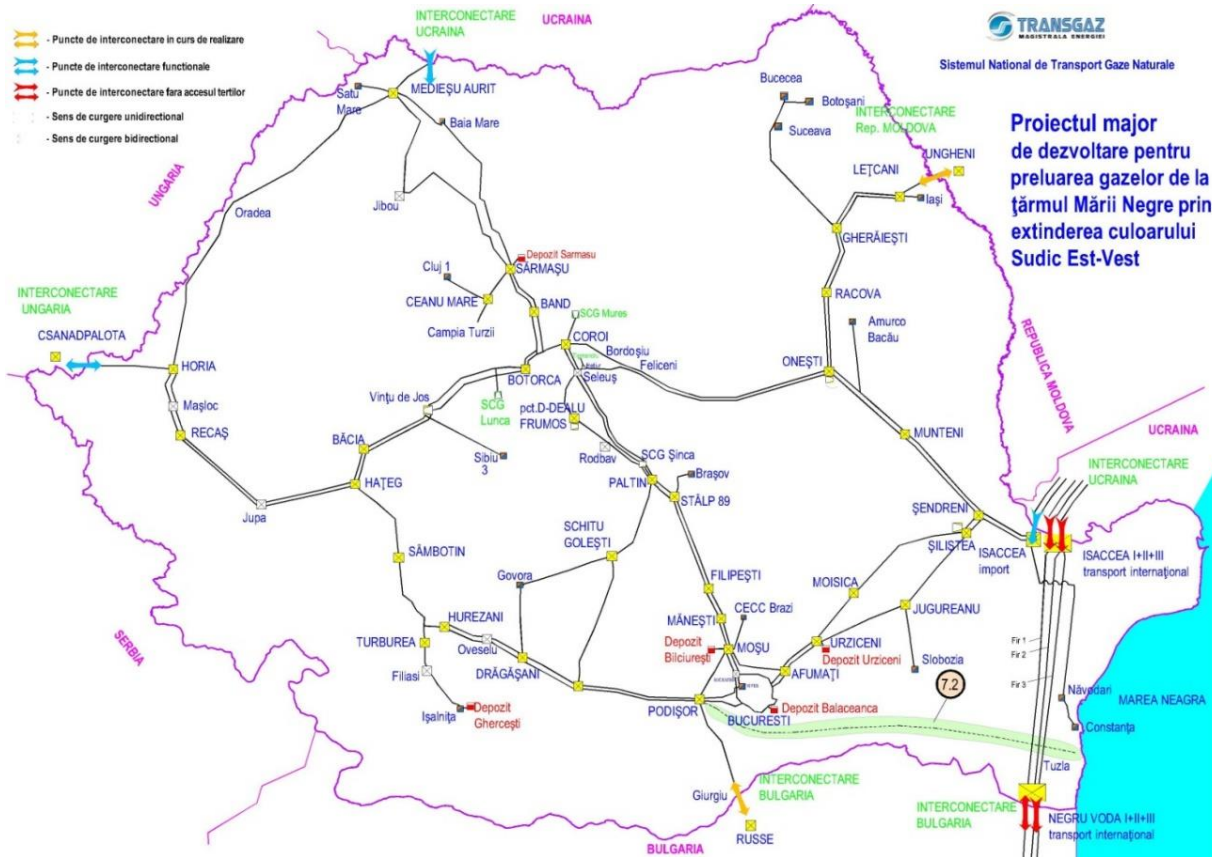
Total estimated costs

68.8 mil. Euro

Estimated commissioning - 2022

The completion of Phase 2 depends on the successful completion of the engaging Open Season procedure for capacity booking to the IP Csanadpalota and the timeline for this procedure.

ACCESS TO NEW BLACK SEA GAS SOURCES



Aim:

- create a transmission infrastructure for taking over Black Sea gas

Necessary investments

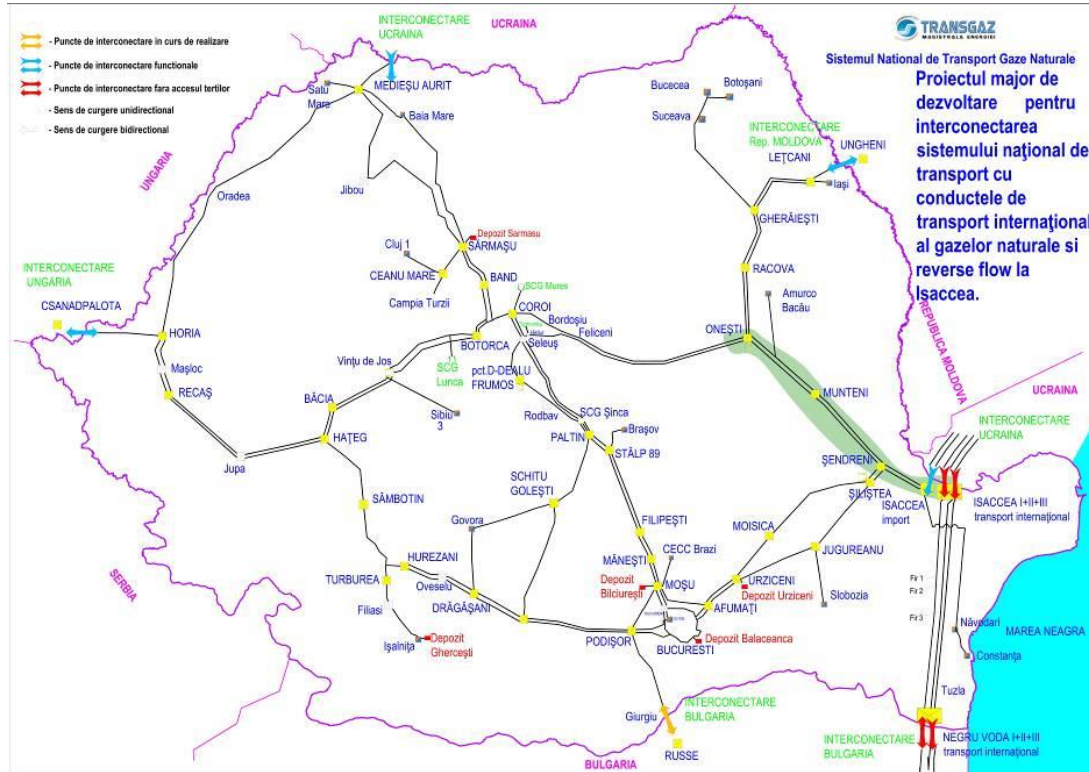
- the Black Sea shore–Amzacea pipeline, 32.5 km, Ø 48" (DN1200)
- the Amzacea–Podișor pipeline, 275.9 km, Ø 40" (DN1000)

Total estimated costs

- 360,4 mil. Euro

Estimated commissioning - 2021

INTERCONNECTION OF THE NTS WITH THE T1 PIPELINE AND REVERSE FLOW AT ISACCEA



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 NTS to T1

Phase 2

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

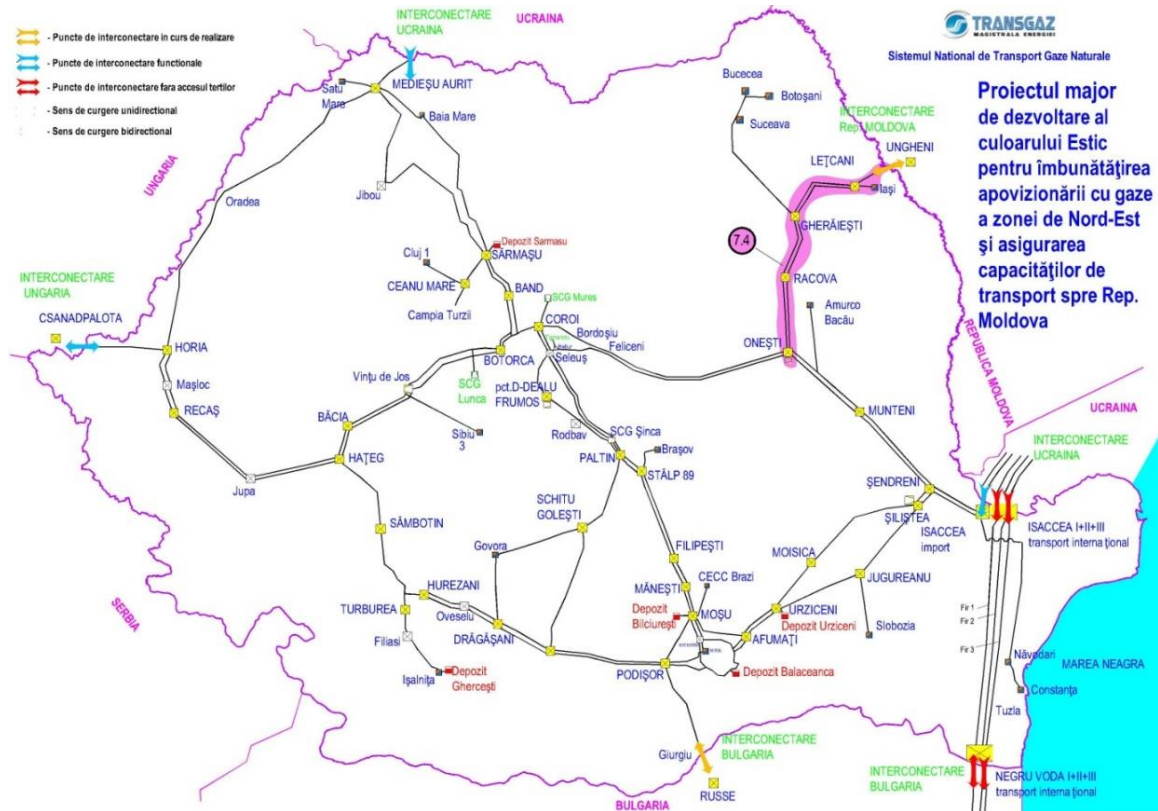
Total estimated costs according to the last project sheet

- **77,7 mill. Euro**

Final Investment Decision– 2018

Commissioned -2018 – Phase I
 Commissioning estimated -2020 – Phase II

NTS developments in the North-Eastern area of Romania (Moldova Interconnection)



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

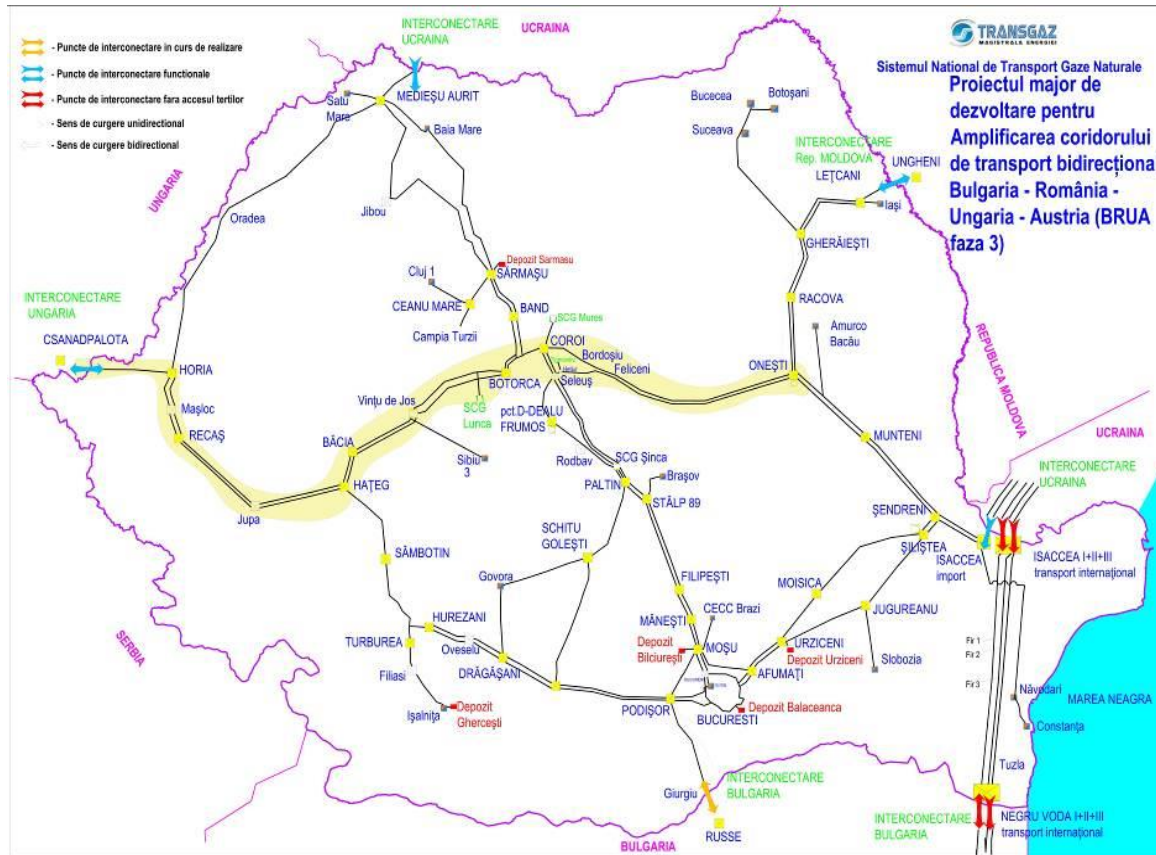
- construction of a DN 700x104.1 km pipeline, in the Gherăiești - Lețcani direction;
- construction of a DN 700x61.05 km pipeline, in the Gherăiești - Lețcani direction;
- construction of a compressor station at Gherăiești of 9.14 MW
- construction of a compressor station at Onești of 9.14 MW

Total estimated costs

- **174,25 mill. Euro**

Estimated commissioning 2021

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



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

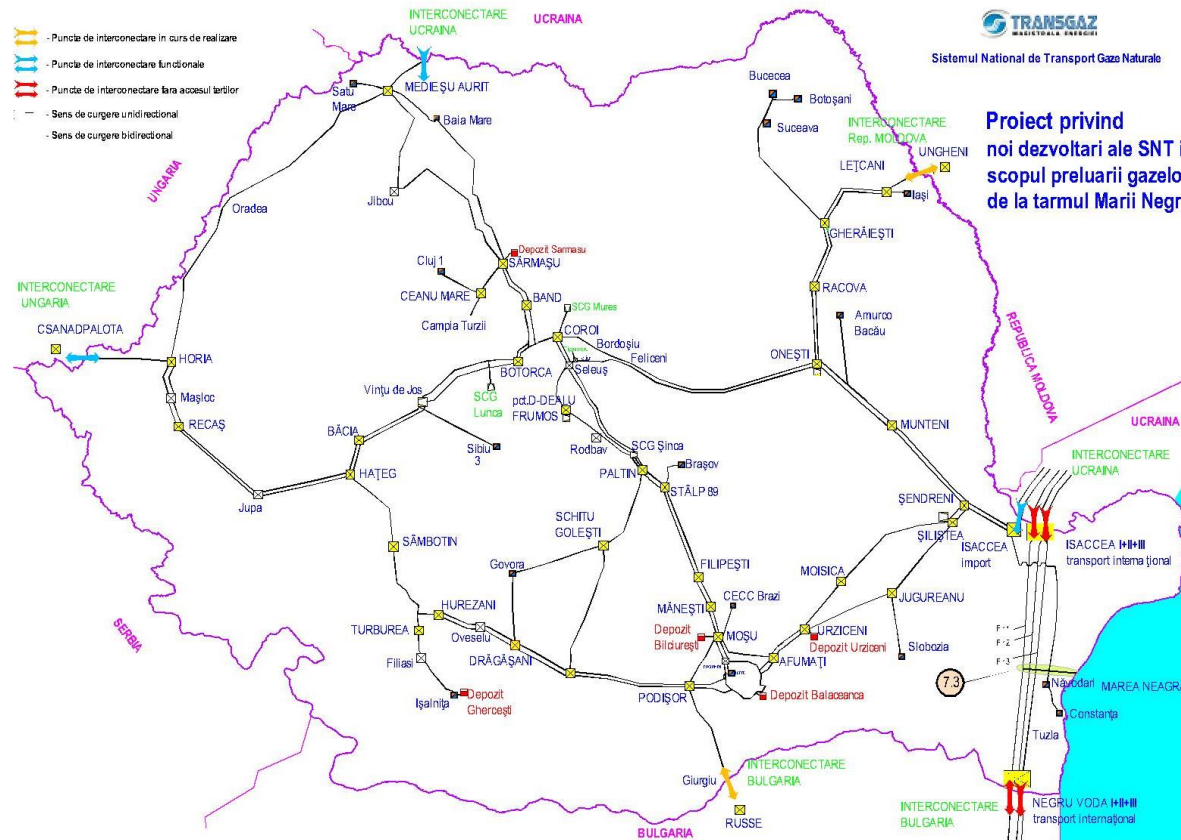
- rehabilitation of some pipeline sections;
- replacement of existing pipelines with new larger diameter and operating pressure pipelines;
- four or five new gas compressor stations.

Total estimated costs

- 530 mill. Euro**

Estimated completion date - 2025

New NTS developments for taking over Black Sea gas



Aim:

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

Necessary investments

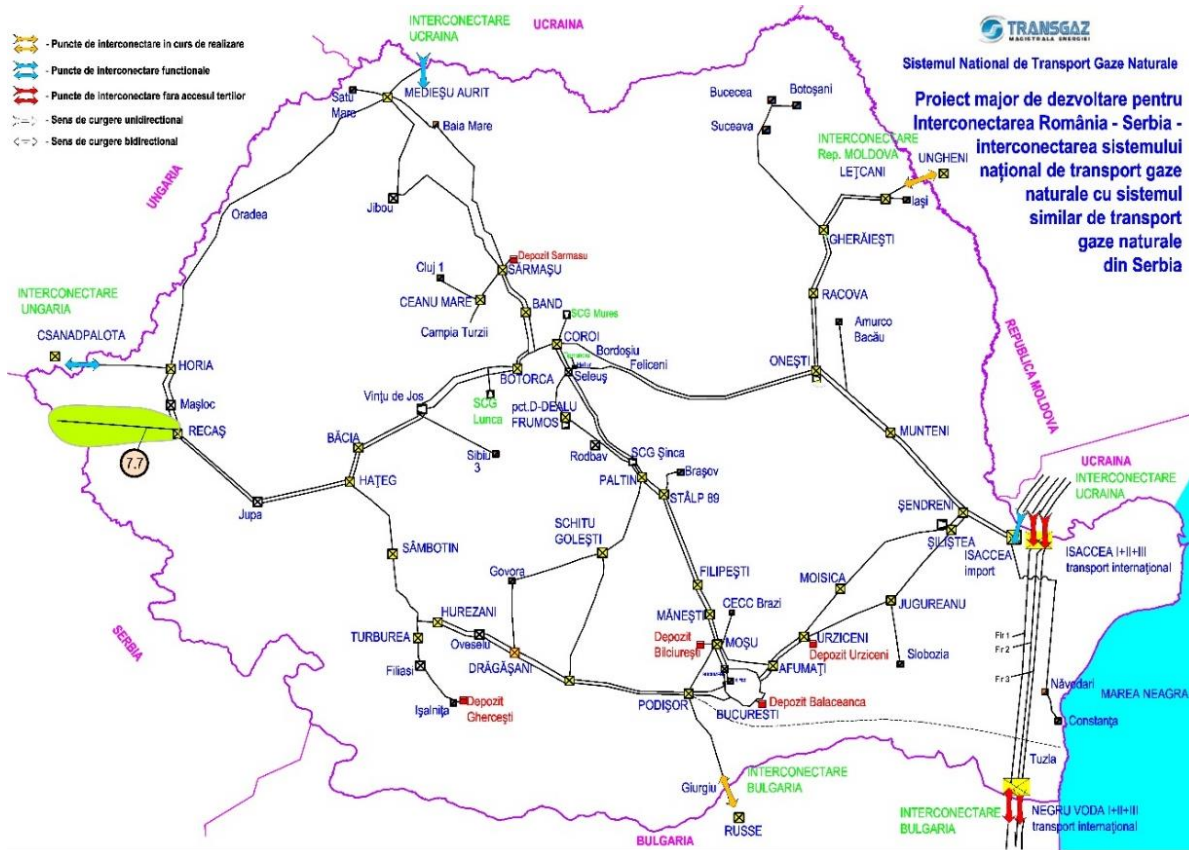
- construction of a 24.37 km DN 500 gas transmission pipeline from the Black Sea shore to the existing T1 international transmission pipeline.

Total estimated costs

- 9,14 mil. Euro

Estimated commissioning - 2021

NTS interconnection with the gas transmission system in Serbia



Aim:

- enhancing security of energy supply to the region

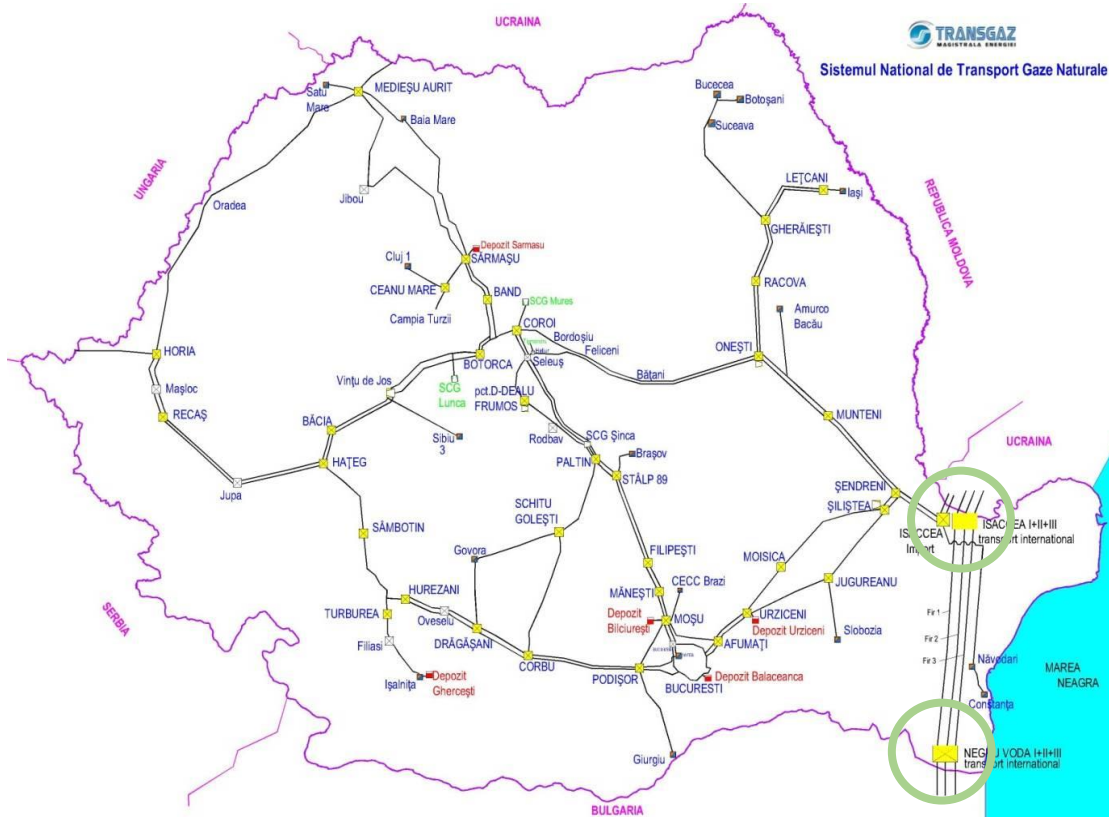
Necessary investments

- construction of a DN 600x85.56 km gas transmission pipeline to be connected to the BRUA pipeline

Total estimated costs updated according to the last project sheet
53,76 mil. Euro

Estimated commissioning -2020

Upgrading GMS Isaccea 1 and GMS Negru Vodă 1



Aim:

- increasing the level of energy security in the region

Necessary investments

- construction of two new bidirectional gas metering stations, replacing the existing ones Isaccea 1 and Negru Vodă 1.

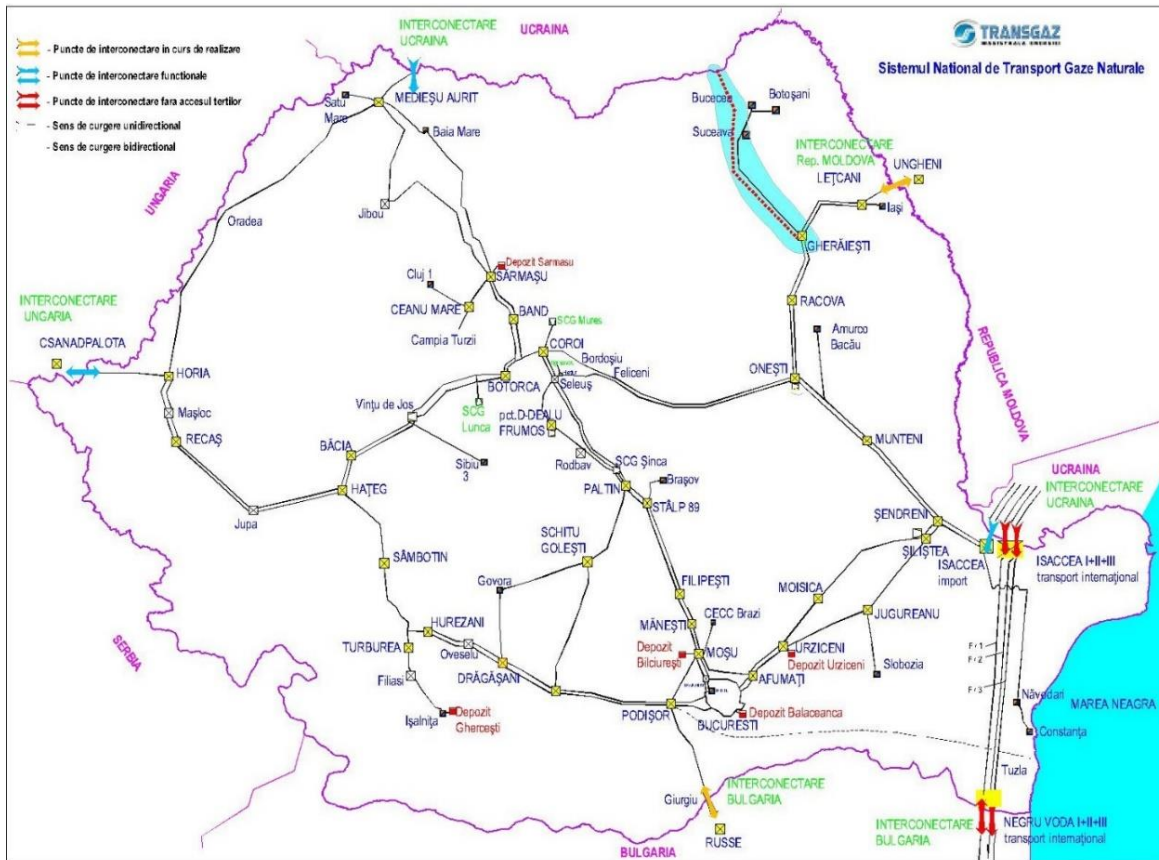
Total estimated costs updated according to the last project sheet ~ 26.65 mil. Euro

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

Final Investment Decision– 2018

Commissioning– GMS Isaccea 1- 2020
Commissioning estimated – GMS Negru Vodă 1- 2021

Interconnection with Ukraine in the Gherăești – Siret direction



Aim:

- Increasing energy security to the region.

Necessary investments

- construction of a gas transmission pipeline and 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 - 2025

**„Pipeline for the Interconnection of the Romanian national gas transmission system with the National Gas Transmission system of the Republic of Moldova, in the Iași – Ungheni – Chișinău direction”
Iași – Ungheni - Phase I; Ungheni – Chișinău – Phase II**



The aim of the project:

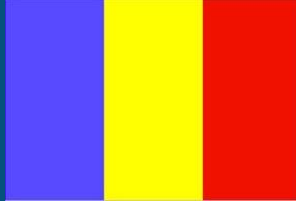
Ensure increased interconnection between Romania and the Republic of Moldova in terms of gas transmission infrastructure, as well as the diversification of the gas supply routes and sources of the Republic of Moldova.

The Project consists in the construction of the following facilities:

- DN 600 pipeline, pressure 55 bar, 110 km long; 4 Gas Metering Regulating Stations (at Semeni in Ungheni, Ghidighici, Petricani and Tohatini, Chisinau);
- A bidirectional gas metering node at Tohatini that will connect the planned pipeline Ungheni - Chisinau to the existing gas transmission system in Moldova, exploited by MOLDOVATRANGAZ;
- 2 gas distribution pipelines from MRS Tohatini to the distribution system of Chisinau municipality about 3.2 km long each;
- 1 gas distribution pipeline, medium pressure from MRS Ghidighici to the distribution system of Chisinau municipality (at the intersection of Petricani street with the Balkan road) about 1.5 km long;
- An administrative unit in Ghidighici, which will be the administrative headquarters of VESTMOLDTRANSGAZ/EUROTRANSGAZ.

Commissioning/operation start-up	Final 2019
Completion of the construction Ghidighici unit	Beginning 2020

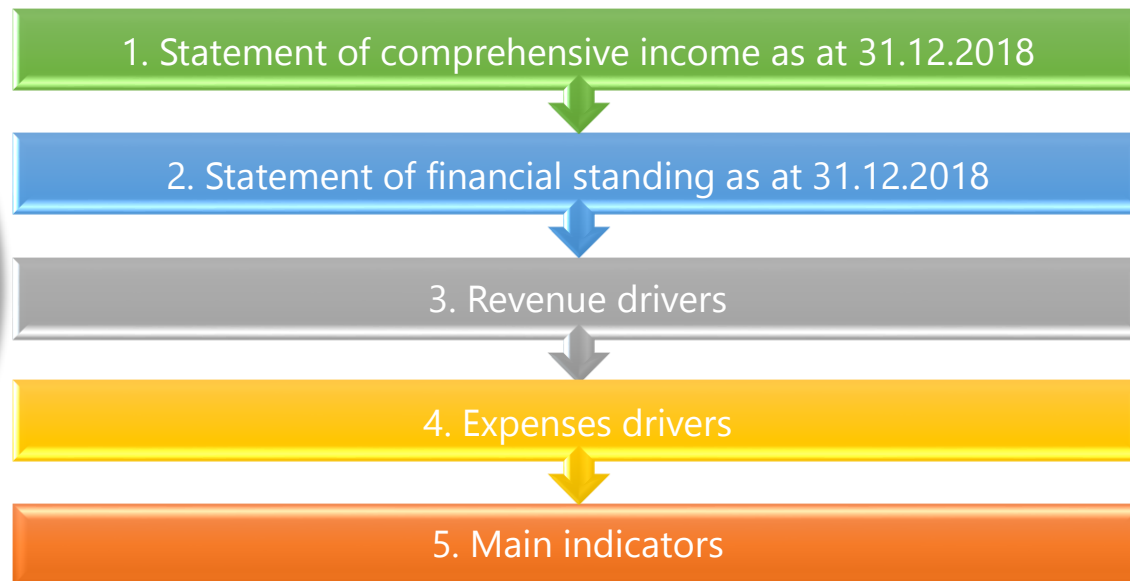
Estimated amount : 80 million Euro



New projects proposed in the TYNDP 2019-2028 under approval by ANRE

No.	Project	Estimated value mil Euro	Updated completion deadline	Importance of the project	Project status
7.10	Development-modernization of gas transmission infrastructure in the North-West Romania	405	Phase1 2022 Phase1 2 2025 Phase1 pa 3 2026	Increasing gas transmission capacities North-West Romania for supporting gas supply trends in the region	LA non FID
7.11	Increasing gas transmission capacity on the Romania-Bulgaria interconnection in the Giurgiu-Ruse direction	51.8	2027	Improving gas supply to the region	LA non FID
7.12	Eastring-Romania	Phase1 1: 1,297 Romania Phase1 2: 357 Romania	Phase1 1: 2025 Phase1 2: 2030	EASTRING will be open for well established sources as well as for alternative sources. It will bring gas from new resources in the Caspian/East Mediterranean/Black Sea/Middle East regions. At the same time, it will ensure supply of gas from the European hubs to South-East Europe. The total capacity will be available to any transmission operator or supplier.	LA non FID
7.13	Supervisory, control and data acquisition system for the cathodic protection stations of the National Gas Transmission System	8	2023	Offers the possibility to remote set, supervise and clearly and accurately operate the points of interest of the system, eliminates data reading costs, avoids the situations in which the weather conditions prevent data reading, eliminates the possibility of occurring human errors, allows distributed control of locations, reduces cost of operation and maintenance, and reduces significantly the configuration time.	LA non FID
7.14	Development of SCADA system for the National Gas Transmission System	5.5	2023	Modernization of gas transmission infrastructure by the modernization of the hardware and software architecture.	LA non FID
	TOTAL	~ 2.1 billion Euro			

FINANCIAL STATEMENTS 2018

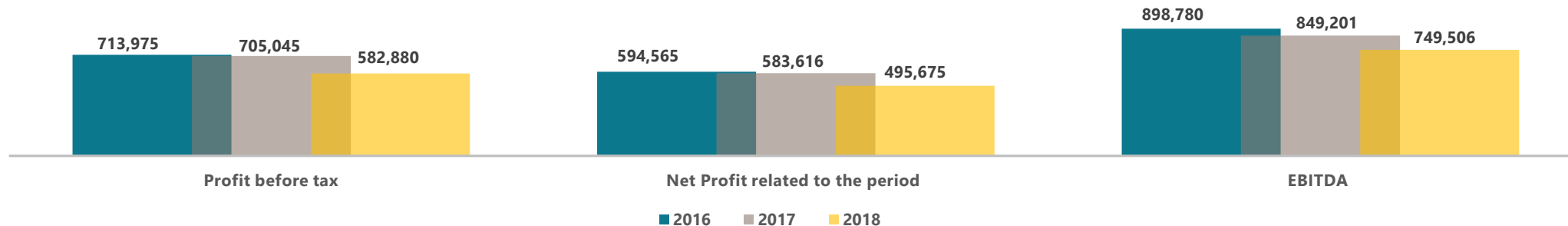


1. STATEMENT OF COMPREHENSIVE INCOME AS AT 31.12.2018 (1)

MAIN INDICATORS

LEI THOUSAND	2016	2017	2018	Amendments 2018/2017	
				Absolute	Relative
Revenue from the construction activity according to IFRIC12 and balancing	1.815.385	1.719.993	1.608.437	-111.556	-6%
Revenue from the balancing activity	57.404	120.686	235.427	114.741	95%
Revenue from the construction activity according to IFRIC12	118.504	63.950	405.794	341.844	535%
Financial revenues	32.231	190.546	46.844	-143.702	-75%
Operating expenses before the construction activity according to IFRIC12 and balancing	1.125.268	1.055.267	1.046.952	-8.315	-1%
Expenses from the balancing activity	56.093	120.686	235.427	114.741	95%
Cost of assets constructed according to IFRIC12	118.504	63.950	405.794	341.844	535%
Financial expenses	9.683	150.227	25.449	-124.778	-83%
Profit before tax	713.975	705.045	582.880	-122.165	-17%
Expenses with tax on profit	119.410	121.429	87.205	-34.224	-28%
Net Profit related to the period	594.565	583.616	495.675	-87.941	-15%
EBITDA	898.780	849.201	749.506	-99.695	-12%
Turnover	1.750.203	1.800.079	1.741.929	-58.150	-3%

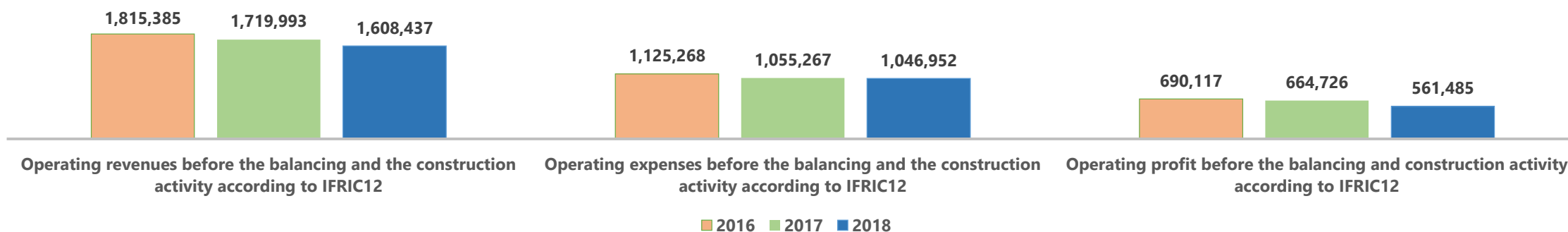
Lei Thousand



1. STATEMENT OF COMPREHENSIVE INCOME AS AT 31.12.2018 (2)

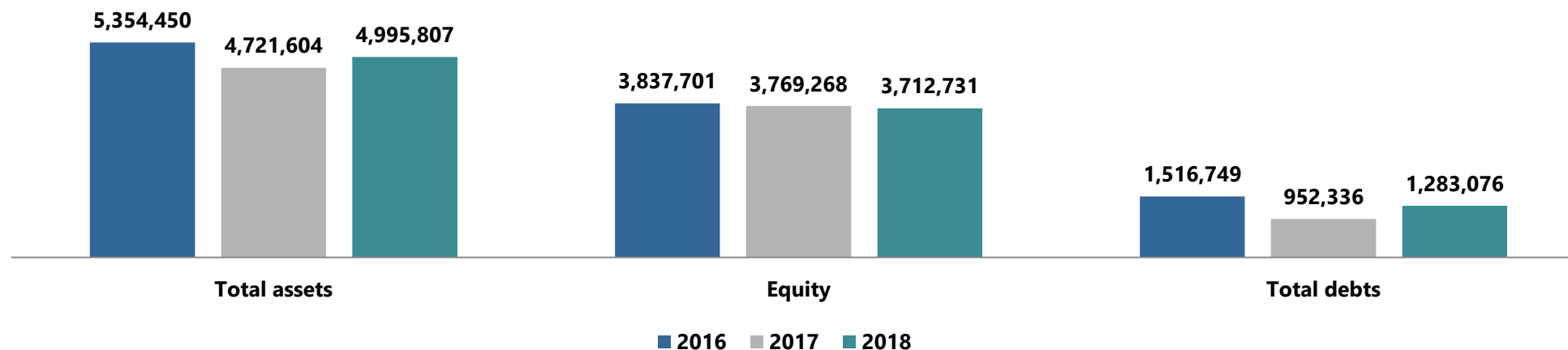
MAIN INDICATORS

LEI THOUSAND	2016	2017	2018	Amendments 2018/2017	
				Absolute	Relative
Revenue from the domestic transmission activity	1.360.355	1.338.047	1.178.420	-159.627	-12%
Revenue from the international transmission activity	328.571	333.290	324.381	-8.909	-3%
Other revenues	126.459	48.656	105.636	56.980	117%
Operating revenues before the balancing and the construction activity according to IFRIC12	1.815.385	1.719.993	1.608.437	-111.556	-6%
Employee expenses	369.161	385.228	382.451	-2.777	-1%
Technological consumption, materials and used consumables	110.011	105.032	96.881	-8.151	-8%
Royalty expenses	168.893	167.134	151.027	-16.107	-10%
Maintenance and transport	29.569	27.398	35.884	8.486	31%
Tax and other amounts due to the state	67.544	71.564	76.448	4.884	7%
Provision revenue/expenses for risks and expenses	1.707	1.273	5.946	4.673	367%
Other operating expenses	169.718	113.164	110.293	-2.871	-3%
Depreciation	208.663	184.475	188.022	3.547	2%
Operating expenses before the balancing and the construction activity according to IFRIC12	1.125.268	1.055.267	1.046.952	-8.315	-1%
Operating profit before the balancing and construction activity according to IFRIC12	690.117	664.726	561.485	-103.241	-16%

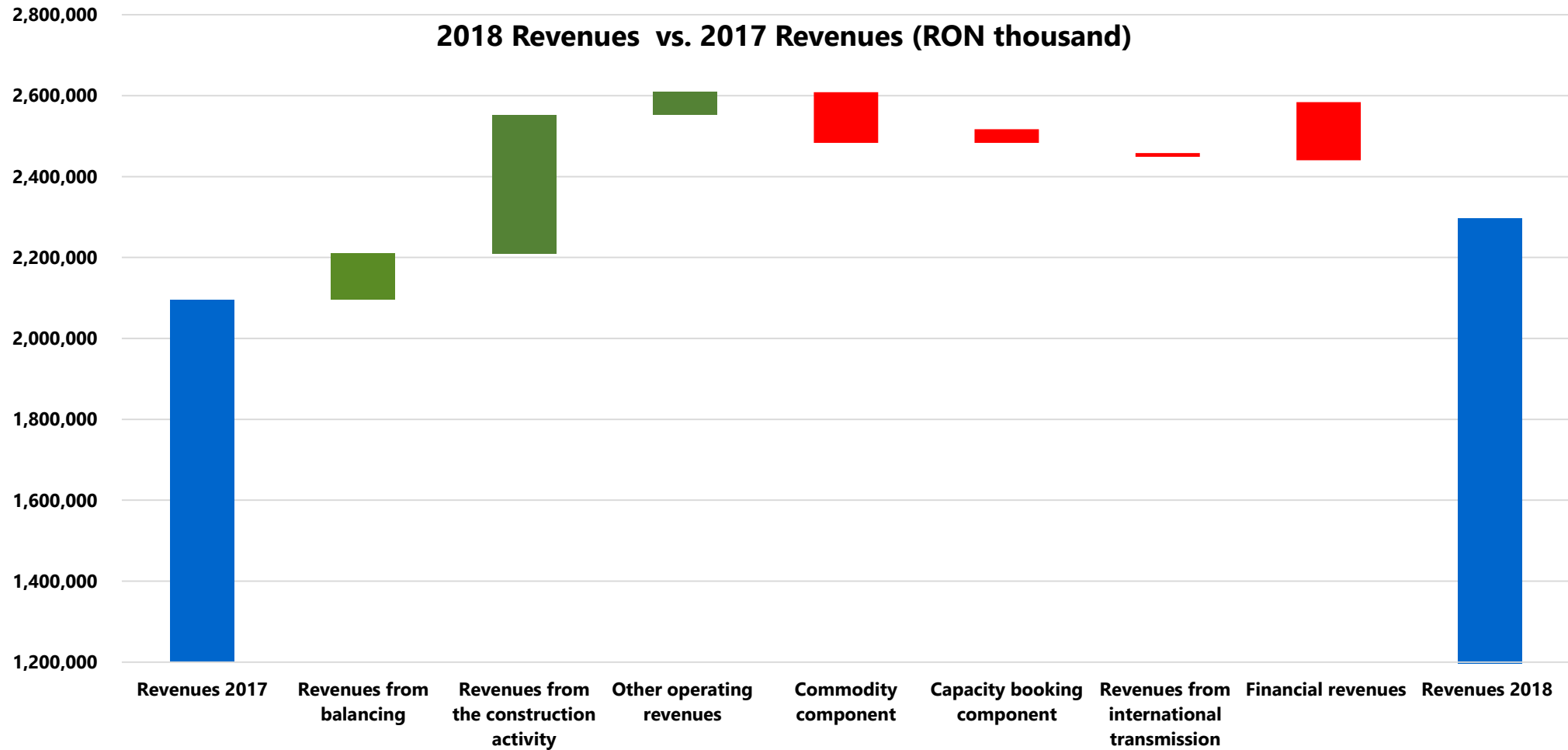


2. STATEMENT OF FINANCIAL STANDING AS AT 31.12.2018

THOUSAND LEI	2016	2017	2018	Amendments 2018/2017	
				Absolute	Relative
Fixed assets	3.797.954	3.197.707	3.490.424	292.717	9%
Movable assets	1.556.496	1.523.897	1.505.384	-18.513	-1%
Total assets	5.354.450	4.721.604	4.995.807	274.203	6%
Equity	3.837.701	3.769.268	3.712.731	-56.537	-1%
Long term debts	1.211.416	678.734	864.288	185.554	27%
Current debts	305.332	273.603	418.788	145.185	53%
Total debts	1.516.749	952.336	1.283.076	330.740	35%
Total equity and debts	5.354.450	4.721.604	4.995.807	274.203	6%



3. REVENUE DRIVERS (1)



3. REVENUE DRIVERS (2)

2018 compared to 2017

Operating revenue before the balancing and construction activity, according to IFRIC12 decreased by 6% as compared to 2017, which is lower by LEI 111.556 thousand.

The revenue was influenced mainly by the following factors::

- *capacity booking revenue* lower by LEI 33.854 thousand due to:
 - booked capacities lower 3.855.158 MWh, with a negative influence of LEI 9.144 thousand;
 - the capacity booking tariff lower by Lei 0,07 /MWh, with a negative influence of LEI 24.710 thousand; .
- *commodity component revenue* lower by LEI 125.773 thousand due to:
 - a commodity tariff lower by Lei 0,93/MWh with a negative influence of LEI 130.632 thousand;
 - the gas transmitted capacities higher by 1.056.605 MWh/106.013 thousand cm , as compared to 2017, detailed by categories of consumers as follows:

		12 months 2018	12 months 2017	Differences
Quantity transmitted for direct consumers	MWh	60.559.629	59.201.654	1.357.975
	thousand m ³	5.672.485	5.537.653	134.832
Quantity transmitted for distribution	MWh	78.605.004	78.906.375	-301.371
	thousand m ³	7.303.436	7.332.255	-28.819
Total *)	MWh	139.164.633	138.108.028	1.056.605
	thousand m ³	12.975.921	12.869.908	106.013

*) transmitted quantity for which transmission services are invoiced

The tariffs for 2018 as opposed to 2017 decreased mainly due to:

- a lower approved revenue in gas year October 2017- September 2018 (Lei 954.322 thousand) as compared to the revenue approved in gas year October 2016 - September 2017 (Lei 1.101.667 thousand) mainly because of the differences for the adjustment of the revenue in gas year 2017-2018 (the efficiency gain redistribution component, the correction component of the total revenue, etc);
- 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 2016-2017 the variable component of the total revenue at the basis of the commodity tariffs is 40% of the total revenue and in gas year 2017-2018 it decreased to 35% of the total revenue, and in gas year 2018-2019 to 30%.

3. REVENUE DRIVERS (3)

2018 compared to 2017

- *revenue from capacity booking* lower by LEI **8.909** thousand due to foreign currency exchange gain regarding the contract currency and the application of ANRE Order 34/19 July 2016;
- *other operating revenue* higher by LEI **56.980** thousand.

Revenues from the balancing activity increased by LEI 114.741 thousand based on the following factors:

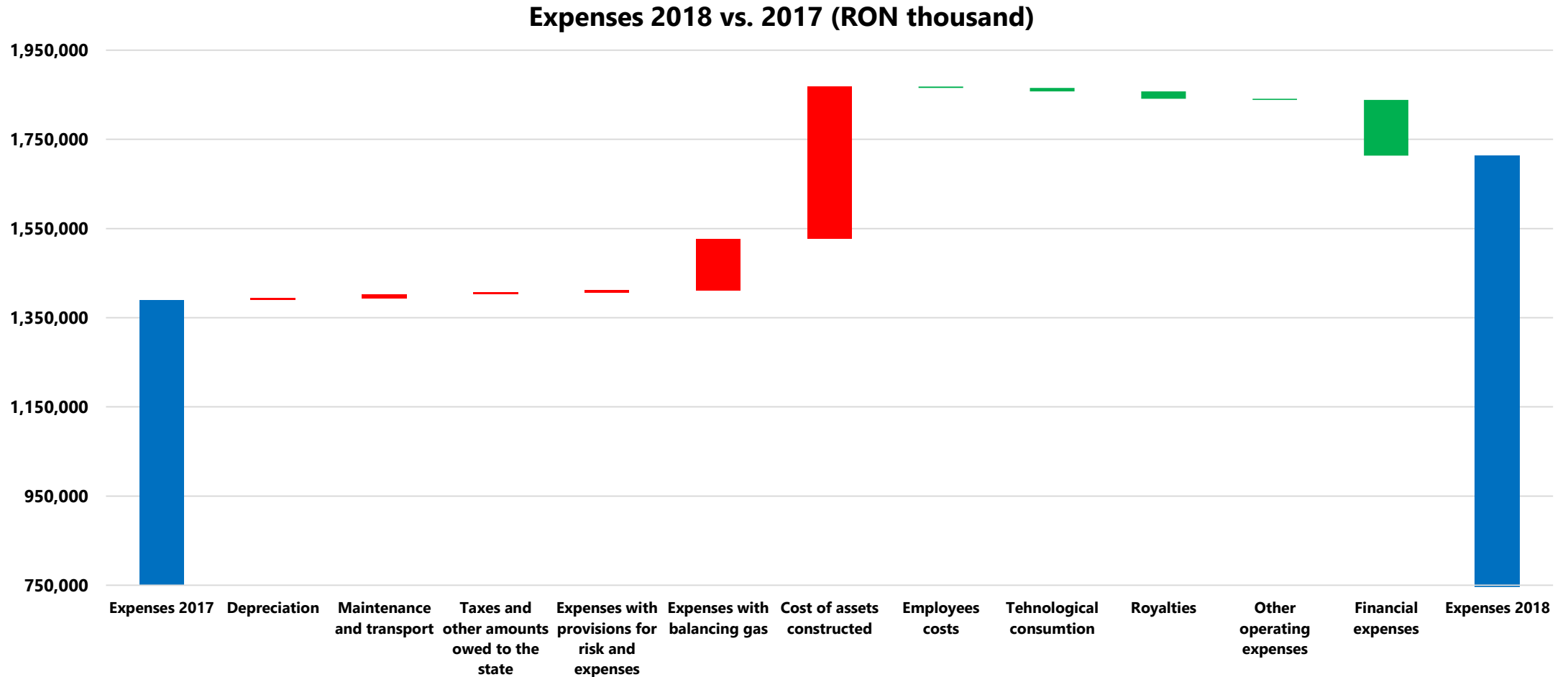
- quantity higher by 692.564 MWh with a positive influence of LEI 55.754 thousand;
- trading price higher by LEI 26,91 /MWh, with a positive influence of LEI 58.987 thousand.

*Revenues from the construction activity higher by **LEI 341.844** 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 revenues have a negative influence of Lei 143.702 thousand due to the transfer of the provision for the impairment of Transgaz` share in the share capital of Nabucco Gas Pipeline International GmbH amounting to Lei 138.544.435 to revenues in 2017. In September 2017 the Vienna Commercial Court issued the decision by which Nabucco Gas Pipeline International GmbH (‘NIC’) was disincorporated and on 30 September 2017 the company removed the asset in amount of Lei 138.544.435 from its accounting records and returned to the revenues the provision established in the previous years in the same amount.

	2017	2018
Revenues from the domestic gas transmission, of which:	1.338.047	1.178.420
- Commodity component	492.662	366.889
- Capacity booking component	845.385	811.531

4. EXPENSES DRIVERS (1)



4. EXPENSES DRIVERS (2)

2018 comparativ cu 2017

Operating costs before the balancing and construction activity according to IFRIC12 decreased by 1% as compared to 2017, which is lower by LEI 8.314 thousand.

The company made savings of LEI 29.906 thousand, mainly in relation to the following cost elements:

- *transmission system technological gas consumption and loss* decreased by LEI 3.828 thousand due to the following:
 - amount of gas for technological consumption lower by 165.065/14.208 thousand cm (▼16%), with a positive influence of LEI 12.032 thousand;
 - average purchase price in 2018 higher as compared to 2017 by LEI 9,68 /MWh, with a negative influence of LEI 8.204 thousand;
- *cost of royalty*: LEI 16.107 thousand;
- *other operating costs*: LEI 2.871 thousand, mainly due to lower cost of provisions for depreciation of current assets;
- *other costs of materials*: LEI 4.323 thousand;
- *cost of personnel*: LEI 2.777 thousand.

		31.12.2018	31.12.2017	Differences
Technological consumption	MWh	847.810	1.012.875	-165.065
quantities	mii m ³	81.034	95.243	-14.209

An expense surplus of LEI 21.591 thousand was recorded mainly in relation to the following cost elements:

- fixed assets depreciation costs: LEI 3.547 thousand;
- cost of maintenance and transmission: LEI 8.486 thousand;
- cost of taxes and duties: LEI 4.884 thousand;
- costs for the risk and expense provision: LEI 4.674 thousand.

The financial cost is lower by LEI 124.779 thousand based on the removal from its accounting records on 30 September 2017 of the asset amounting to Lei 138.544.435, representing Transgaz's share in the share capital of Nabucco Gas International Company GmbH.

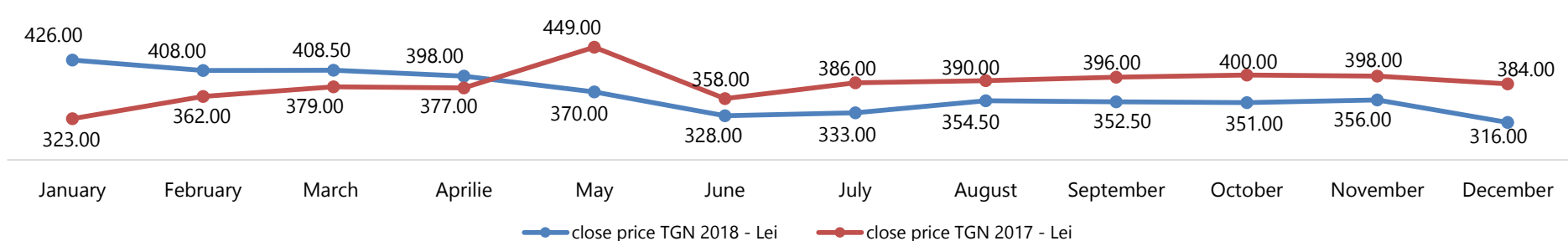
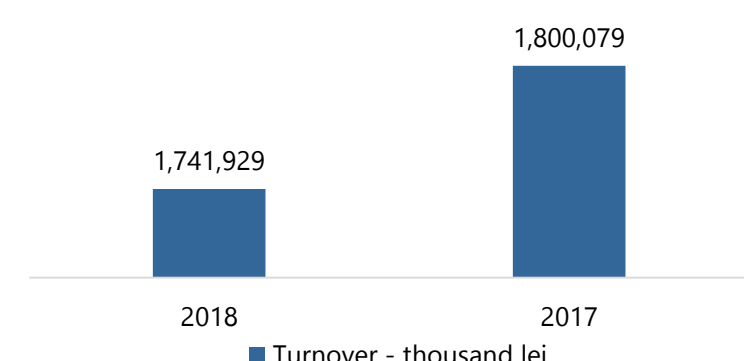
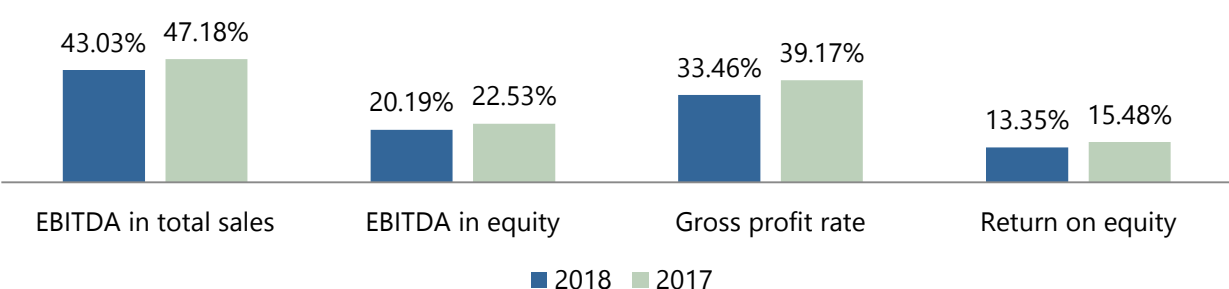
As compared to 2017 the interim gross profit obtained in 2018 decreased by 17%, which is lower by LEI 122.165 thousand.

5.Main indicators

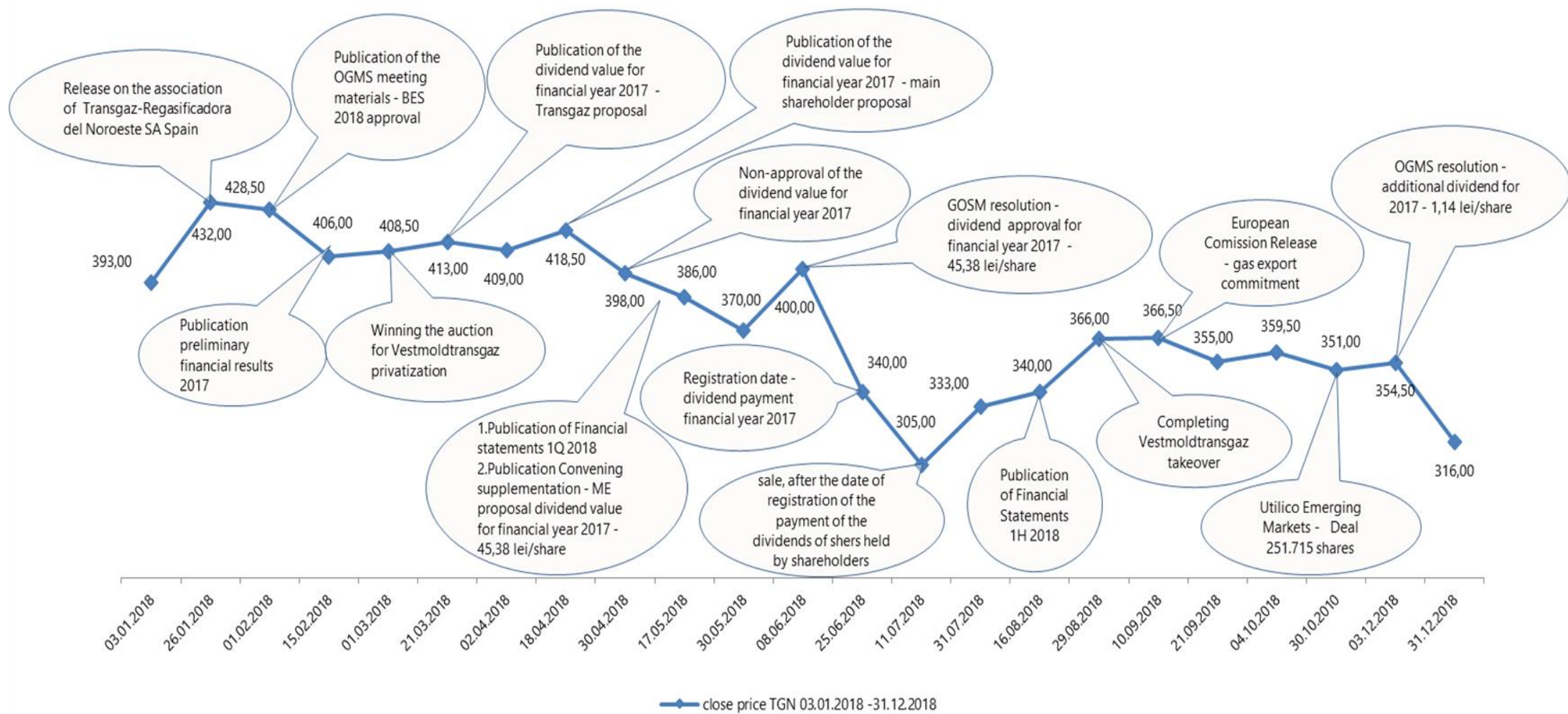
31.12.2018 compared to 31.12.2017



	2018	2017
EBITDA in total sales	43,03%	47,18%
EBITDA in equity	20,19%	22,53%
Gross profit rate	33,46%	39,17%
Return on equity	13,35%	15,48%
Current liquidity	3,59	5,57
Immediate liquidity	2,99	5,27
Leverage	6,28%	1,85%
Interest coverage ration	222,77	0
Speed of debit – days	141,49	142,85
Speed of credit - days	35,52	19,43



Stock Exchange TGN Evolution





www.transgaz.ro