



THE ROMANIAN GAS TRANSMISSION SYSTEM OPERATOR

1

PRELIMINARY FINANCIAL STATEMENTS FOR 2014 (UNAUDITED)

PREPARED IN ACCORDANCE WITH IFRS -UE

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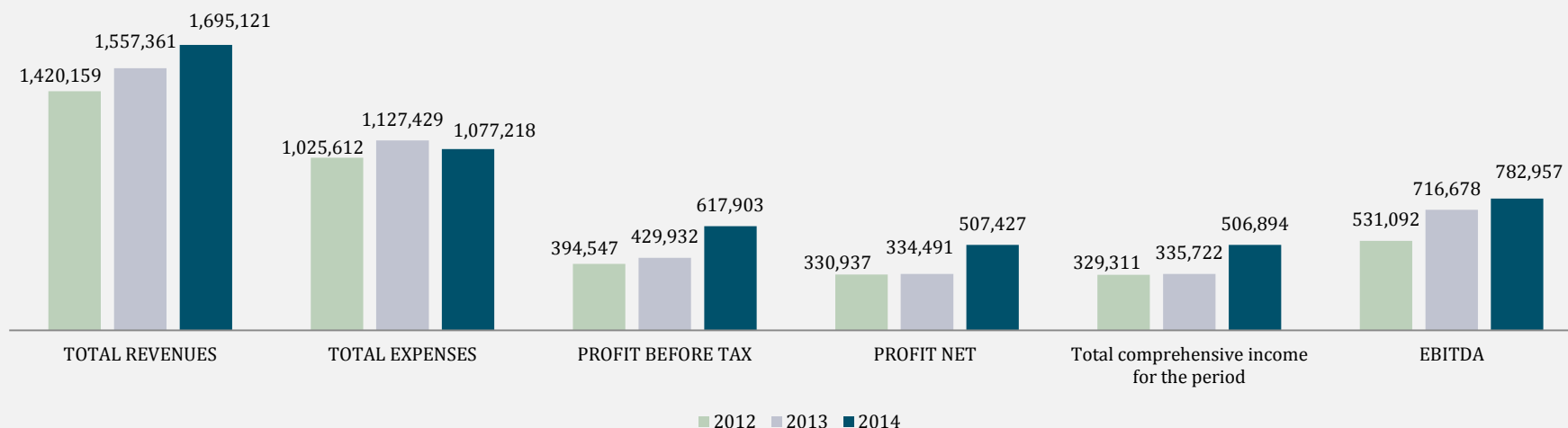
1. Preliminary Income statement as of 31.12.2014 (1)

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MAIN INDICATORS

UM- RON

	2012	2013	2014	Changes 2014/2013	
				Absolute	Relative
OPERATING REVENUES	1,365,369,351	1,516,640,304	1,661,745,971	145,105,667	10%
FINANCIAL REVENUES	54,789,614	40,721,110	33,375,253	-7,345,857	-18%
TOTAL REVENUES	1,420,158,965	1,557,361,414	1,695,121,224	137,759,810	9%
OPERATING EXPENSES	-998,817,437	-980,842,628	-1,064,071,537	83,228,909	8%
FINANCIAL EXPENSES	-26,795,040	-146,585,986	-13,146,370	-133,439,616	-91%
TOTAL EXPENSES	-1,025,612,477	-1,127,428,614	-1,077,217,907	-50,210,707	-4%
PROFIT BEFORE TAX	394,546,488	429,932,800	617,903,317	187,970,517	44%
INCOME TAX EXPENSES	-63,610,388	-95,441,384	-110,475,517	15,034,133	16%
PROFIT NET	330,936,100	334,491,416	507,427,800	172,936,384	52%
Actuarial gain/(loss) for the period	-1,626,100	1,230,568	-533,837		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	329,310,000	335,721,984	506,893,963	171,171,979	51%
EBITDA	531,091,564	716,677,789	782,957,354	66,279,565	9%



UM- thousand RON

9% HIGHER TOTAL REVENUES

4% LOWER TOTAL EXPENSES

52% HIGHER NET PROFIT

9% HIGHER EBITDA

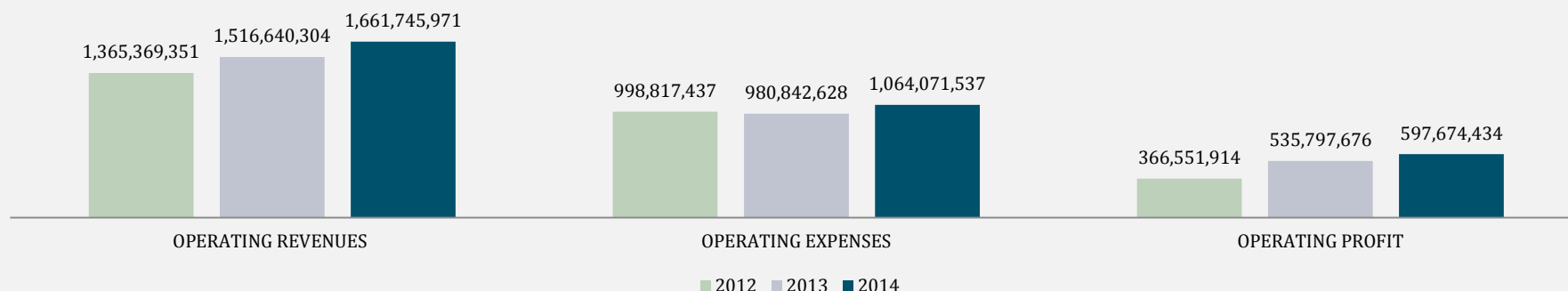
1. Preliminary Income statement as of 31.12.2014 (2)

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OPERATING ACTIVITY

UM- RON

	2012	2013	2014	Changes 2014/2013 Absolute	Relative
Revenues from domestic gas transmission activity	1,052,112,211	1,210,480,230	1,340,852,834	130,372,604	11%
Revenues from international gas transmission activity	275,875,022	268,537,107	273,760,232	5,223,125	2%
Other revenues	37,382,118	37,622,967	47,132,905	9,509,938	25%
OPERATING REVENUES	1,365,369,351	1,516,640,304	1,661,745,971	145,105,667	10%
Wages, salaries and other employee-related expenses	-335,748,045	-346,992,389	-354,184,148	7,191,759	2%
Technological consumption, materials and consumables used, out of which:	-145,183,283	-121,422,078	-120,546,798	-875,280	-1%
<i>* technological consumption and losses on NTS</i>	<i>-121,044,892</i>	<i>-95,500,064</i>	<i>-92,124,510</i>	<i>-3,375,554</i>	<i>-4%</i>
Royalty expenses	-132,798,723	-147,901,734	-161,461,307	13,559,573	9%
Maintenance and transportation, mainly out of which:	-111,307,785	-71,436,133	-60,953,651	-10,482,482	-15%
<i>* Works & services performed by third parties</i>	<i>-100,000,017</i>	<i>-61,175,946</i>	<i>-50,400,256</i>	<i>-10,775,690</i>	<i>-18%</i>
Taxes and other amounts payable to the State	-15,531,417	-54,333,044	-77,874,105	23,541,061	43%
Expenses with provision for employee benefits	-29,136,789	2,122,997	2,646,144	523,147	25%
Expenses with provision for risks and expenses	-5,100,602	-2,419,187	2,637,786	5,056,973	-209%
Other operating expenses	-59,471,143	-57,580,947	-109,052,538	51,471,591	89%
Depreciation	-164,539,650	-180,880,113	-185,282,920	4,402,807	2%
OPERATING EXPENSES	-998,817,437	-980,842,628	-1,064,071,537	83,228,909	8%
OPERATING PROFIT	366,551,914	535,797,676	597,674,434	61,876,758	12%



10 % HIGHER OPERATING REVENUES

OPERATING EXPENSES UP 8%

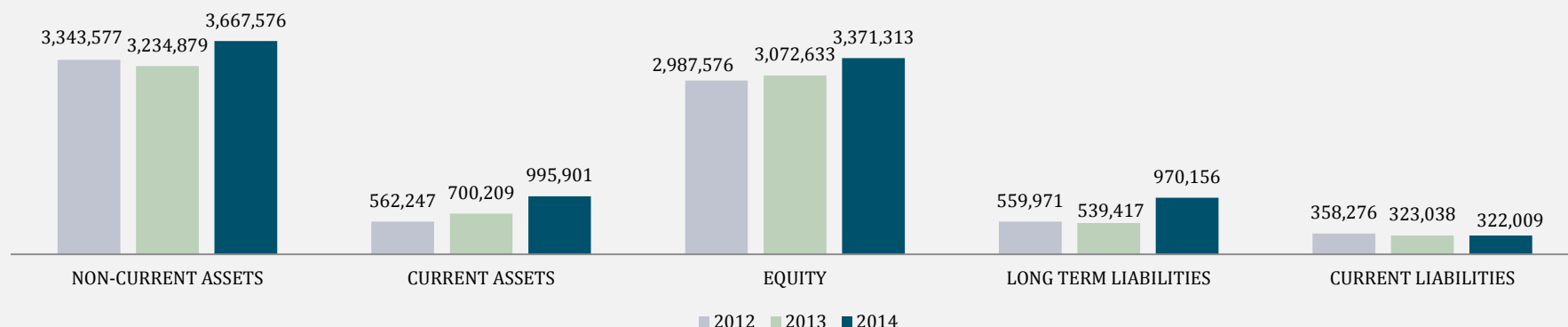
12 % HIGHER OPERATING PROFIT

2. Preliminary Balance Sheet as of 31.12.2014

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Thousand RON	2012	2013	2014	Changes	
				Absolute	Relative
NON-CURRENT ASSETS	3,343,577	3,234,879	3,667,576	432,697	13%
CURRENT ASSETS	562,247	700,209	995,901	295,692	42%
TOTAL ASSETS	3,905,824	3,935,088	4,663,477	728,389	19%
EQUITY	2,987,576	3,072,633	3,371,313	298,680	10%
LONG TERM LIABILITIES	559,971	539,417	970,156	430,739	80%
CURRENT LIABILITIES	358,276	323,038	322,009	-1,029	0%
TOTAL LIABILITIES	918,247	862,455	1,292,165	429,710	50%
TOTAL EQUITY & LIABILITIES	3,905,823	3,935,088	4,663,478	728,390	19%

TRANSGAZ recorded in the statement of financial position a long-term liability and a deferred revenue amounting to RON 467.054 thousand, representing the estimated regulated value remained undepreciated at the end of the Concession Agreement, discounted at the current date. The deferred revenue is reversed monthly to other operating income over the remaining period of the Concession Agreement, and the liability is updated according to the modifications recorded in the regulated asset base and to the interest income as a result of the updating through discounting.



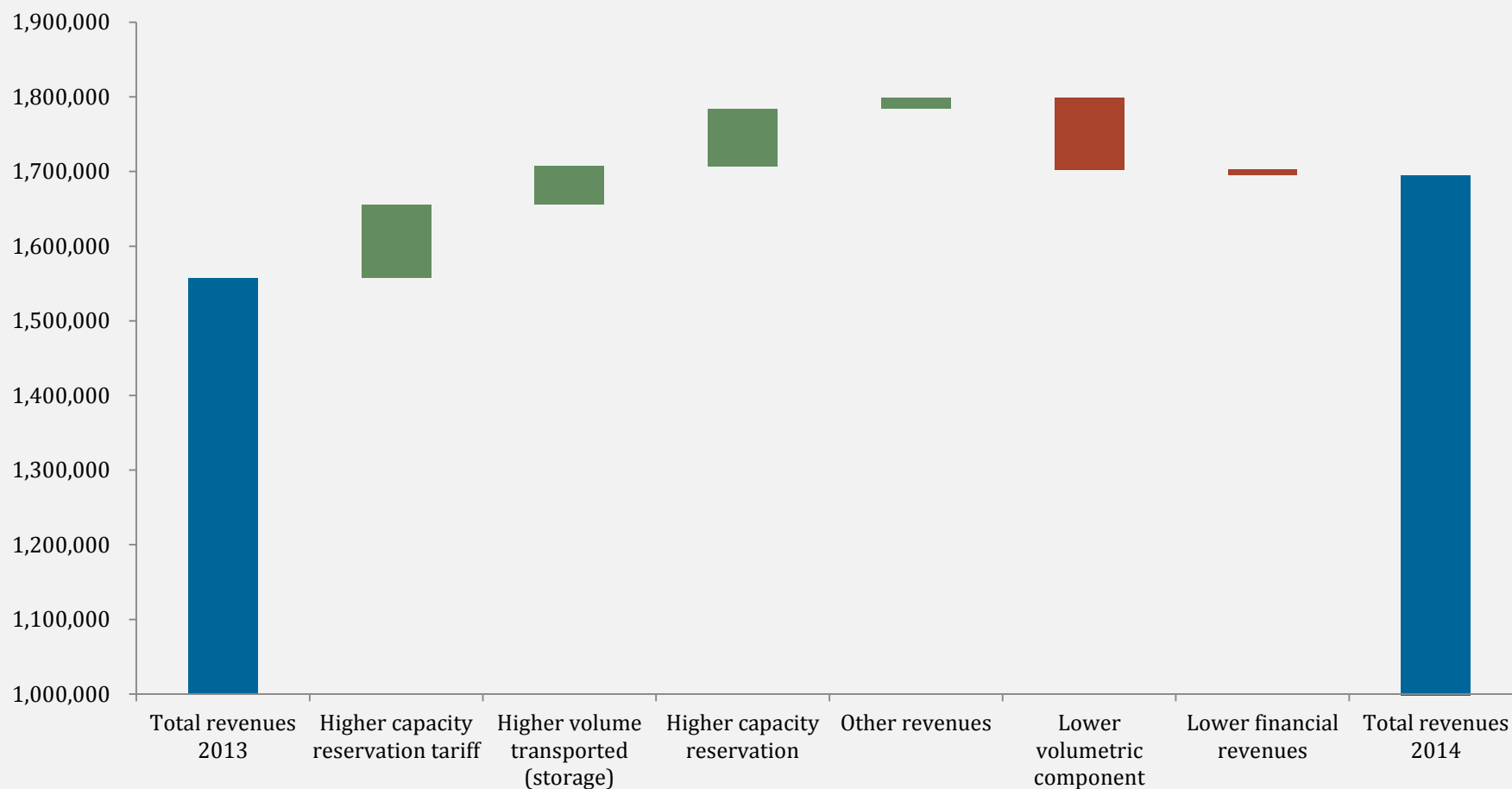
TOTAL ASSETS UP 19%

CURRENT ASSETS UP 42 %

3. Main revenue drivers (1)

REVENUES

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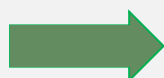
Higher transported volumes and capacity tariffs

3. Main revenue drivers (2)

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TOTAL REVENUES - increased 9% compared to 2013, by a total of RON 137.760 thousand

THE TOTAL REVENUES WERE INFLUENCED BY THE FOLLOWING FACTORS:



Factors with positive effect

RON 241,590 thousand

Capacity booking tariff higher by 0,25 RON/MWh than 2013 tariff, with a positive effect of RON 98,146 thousand

Quantity of transmitted gas invoiced higher by 6.961.825 MWh/624.772 thousand cubic meters (6%) based on the gas transmitted for storage, with a positive effect of RON 51,681 thousand

Capacity booking higher by 74.640.329 MWh due to the implementation, starting with the 1st of August 2014, of the capacity booking on entry-exit points, with a positive effect of RON 77,029 thousand

Others operating items with a positive effect of RON 14,734 thousand



Factors with negative effect

RON 103,830 thousand

Volumetric component of the transmission tariff lower by RON 0,76 /MWh, with a negative influence of RON 96,484 thousand

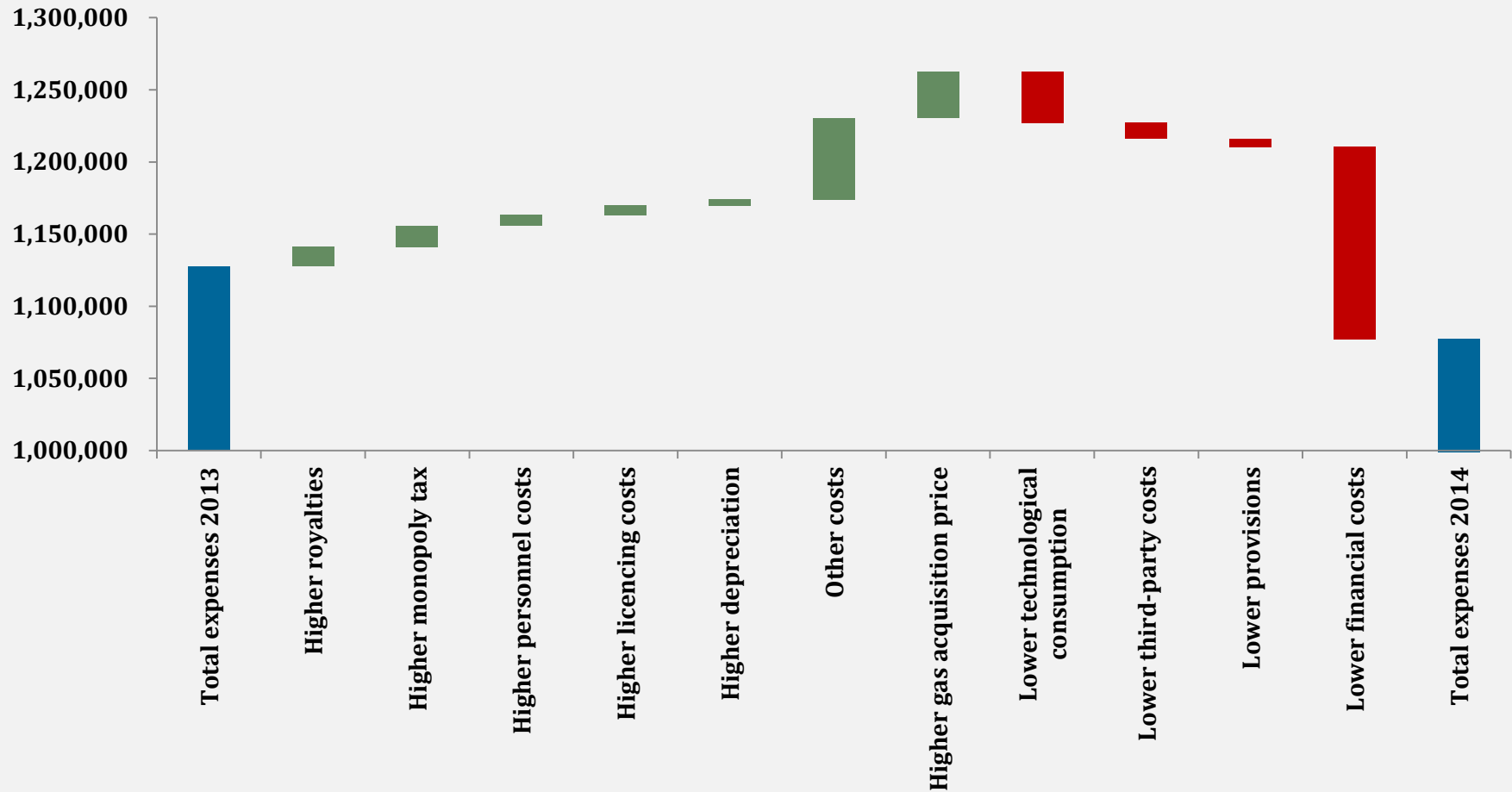
Financial income with a negative influence of RON 7,346 thousand due to the fact that in 2013 the Company benefitted from the financing of a NABUCCO equity increase equivalent to EUR 5 million

OPERATING REVENUES - increased by 10% compared to 2013, by a total of 145.106 thousand RON

4. Main costs drivers (1)

EXPENSES

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LOWER TOTAL EXPENSES ON SAVINGS & DECREASING FINANCIAL COSTS

4. Main costs drivers (2)

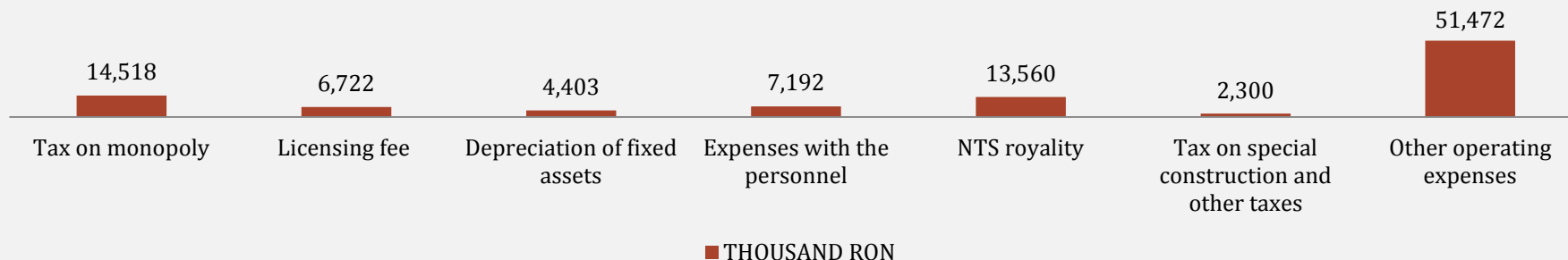
TOTAL EXPENSES DECREASED 4% COMPARED TO 2013, BY RON 50,211 THOUSAND

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Savings of RON 16,938 thousand were registered, mainly, due to the following cost items:

- Technological consumption, materials & consumables **RON 875 thousand**, out of which consumption and technological losses of natural gas on the gas transmission system of **RON 3,376 thousand**, due to two factors:
 - natural gas amount for technological consumption lower by 615,860 MWh/63,200 thousand cm (37%), compared to 2013, **with a positive effect of RON 35,381 thousand**;
 - the average acquisition price for 2014 higher by RON 30,58 /MWh, compared to 2013, **with a negative effect of RON 32,005 thousand**;
- Maintenance and transport: **RON 10,482 thousand**, out of which works and services carried out by third parties: **RON 10,776 thousand**;
- expenses with the provision for risks and charges: **RON 5,580 thousand**.

Expenses increases of RON 100,167 thousand were accounted mainly in relation to the following cost elements:



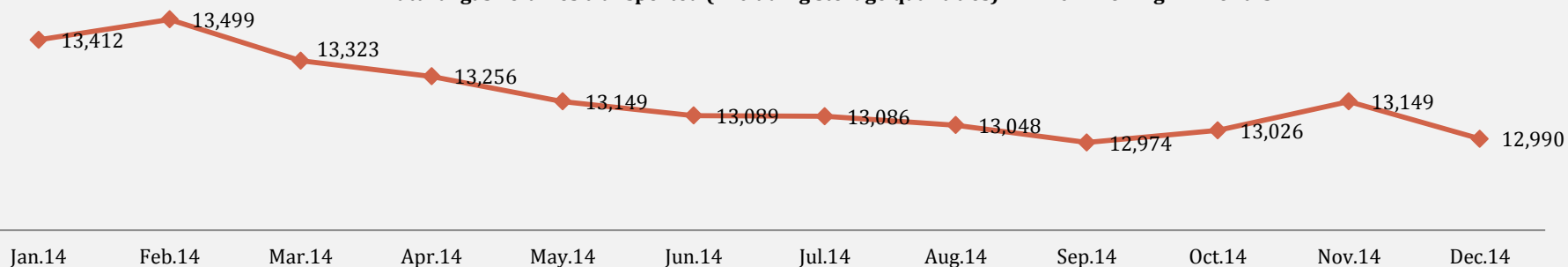
The financial costs decreased by **RON 133.440 thousand** as a result of the provision made for impairment of financial assets representing TRANSGAZ contribution, the RON 132.591 thousand, to the share capital of NABUCCO Gas Pipeline International GmbH, as a consequence of the non-selection of the NABUCCO West project as a gas transmission route.

The operating expenses are higher with 8% compared to 2013, respectively with 83,229 thousand RON

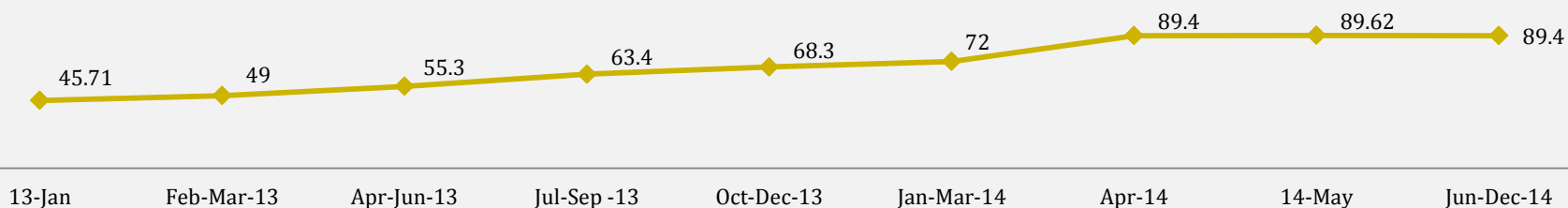
5. Main business drivers

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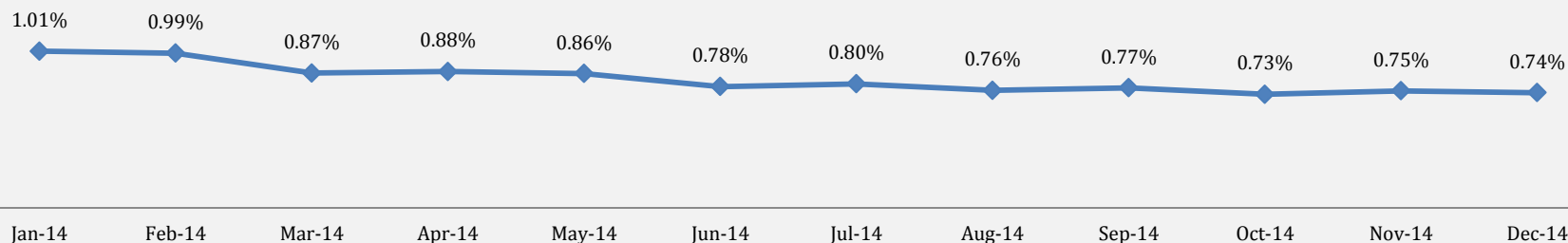
◆ Natural gas volumes transported (including storage quantities) - mill.cm -rolling 12 months



Natural gas acquisition price for technological consumption -RON/MWh



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



SAVINGS DUE TO MORE EFFICIENT MANAGEMENT OF OPERATIONAL ACTIVITY

6. Main indicators (1)

Complex evolution in 2014 compared to 2013

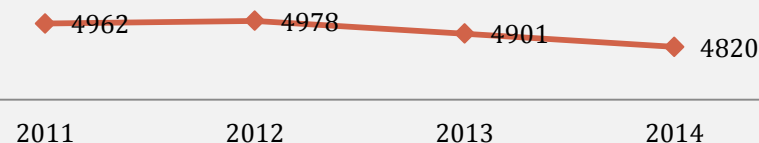
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	2012	2013	2014
EBITDA in total sales	42.27%	48.27%	48.39%
EBITDA in total equity	18.79%	23.32%	23.22%
Gross profit ratio	29.59%	28.96%	38.19%
Return on capital	11.02%	10.89%	15.05%
Current liquidity ratio	1.58	2.17	3.09
Quick liquidity ratio	1.48	2.06	2.98
Gearing	1.61%	0.78%	0.00%
Interest coverage ratio	101	188.01	471.32
Turnover speed for clients debit -days	104.58	97.57	94.18
Turnover speed for credit providers -days	32.46	22.41	17.61

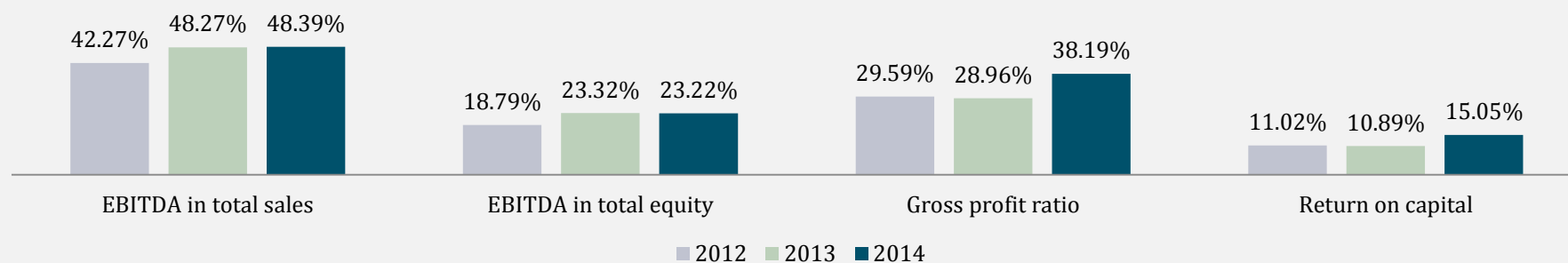
	2012	2013	2014
Turnover -thousand RON	1,327,987	1,484,714	1,618,089



■ Turnover -thousand RON



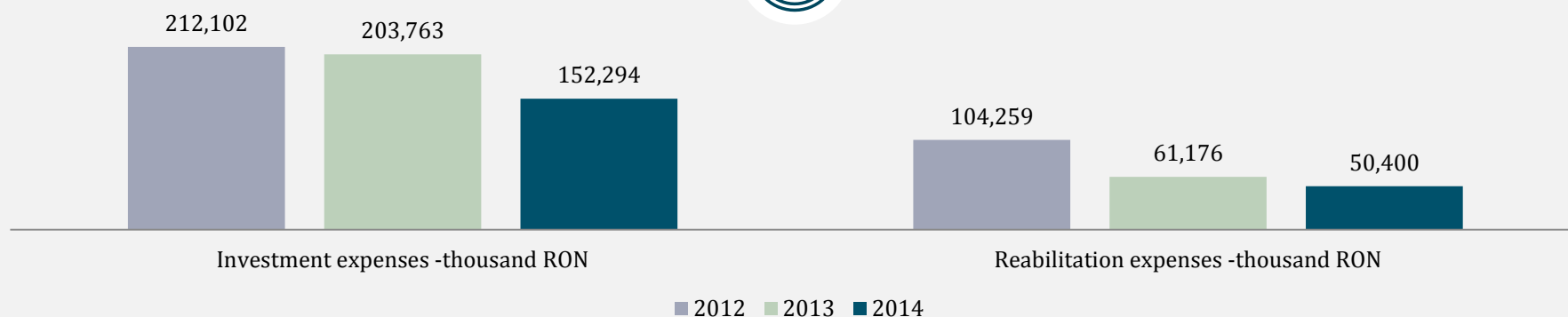
◆ Number of employees at the end of period



■ 2012 ■ 2013 ■ 2014

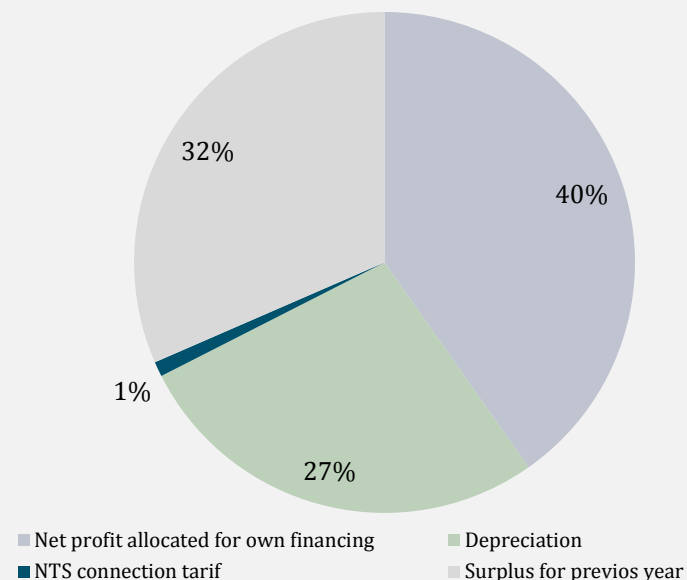
6. Main indicators (2)

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INVESTMENT COSTS 2014	Thousand RON	%
Investments, of which	152,294	86%
NTS connection installations	5,934	
Reimbursement of credits for investments	24,000	14%
TOTAL	176,294	100%

FINANCING SOURCES FOR INVESTMENT COSTS 2014	Thousand RON
Net profit allocated for own financing	248,286
Depreciation	168,191
NTS connection tariff	5,943
Surplus for previos year	194,487
TOTAL	616,907



During the period analyzed investment amounting to RON 119.347 thousand were commissioned.

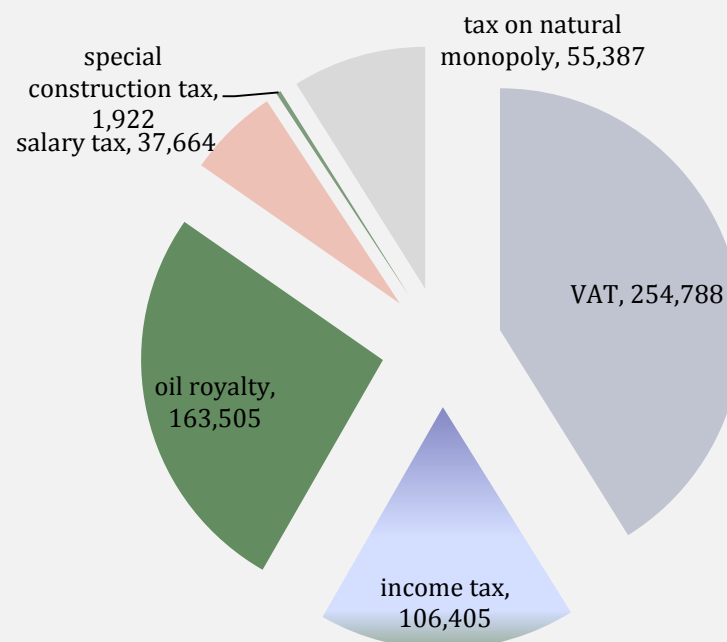
6. Main indicators (3)

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DEBTS TO THE STATE BUDGET

In 2014 the amount of **RON 629.690 thousand** were paid to the state budget, of which:

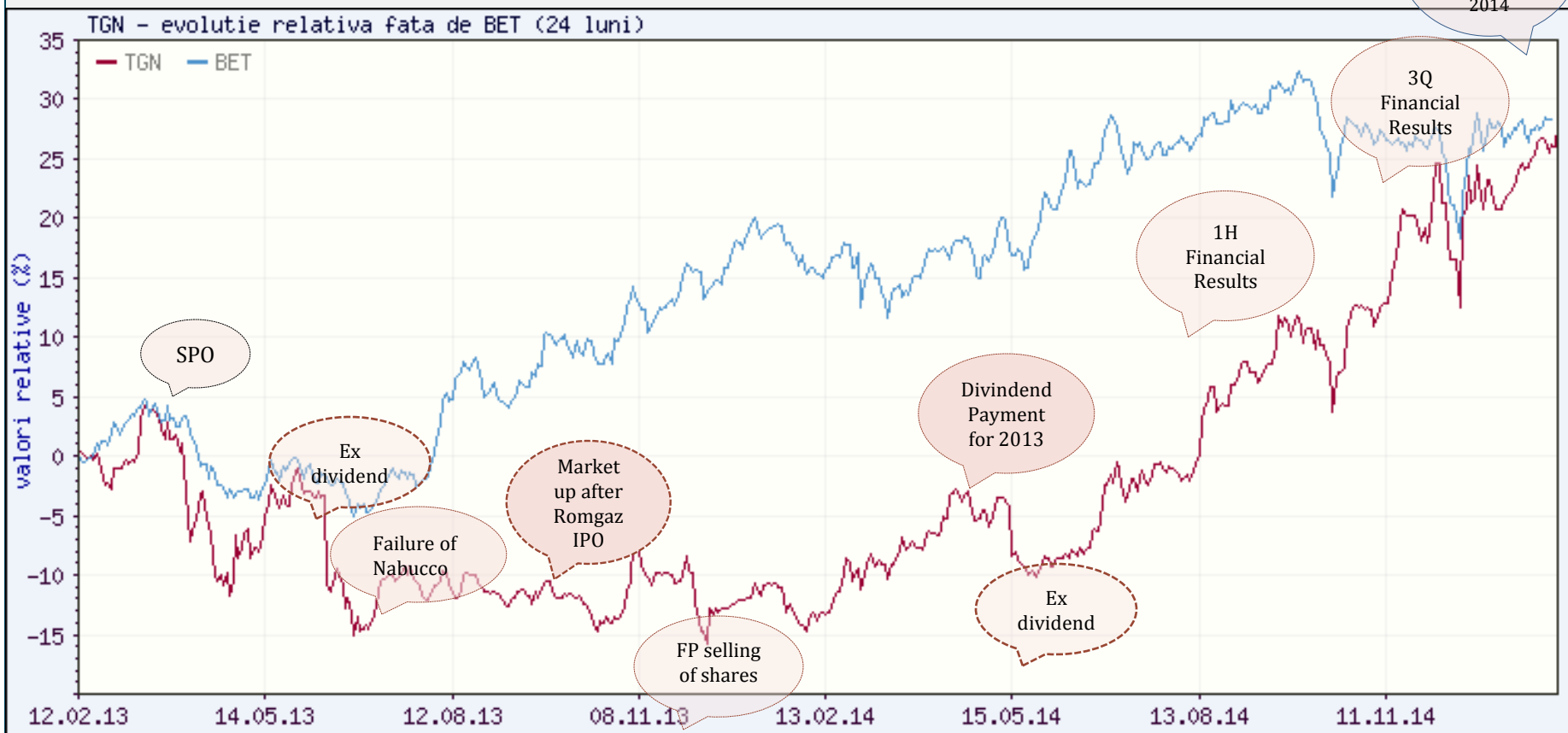
- VAT: RON 254.788 thousand;
- income tax: RON 106.405 thousand;
- oil royalty: RON 163.505 thousand;
- salary tax: RON 37.664 thousand;
- special construction tax: RON 1.922 thousand;
- tax on natural monopoly: RON 55.387 thousand.



The amount of **RON 123.820 thousand** was paid at the local budgets, special funds budgets and social security

Stock Exchange TGN Evolution

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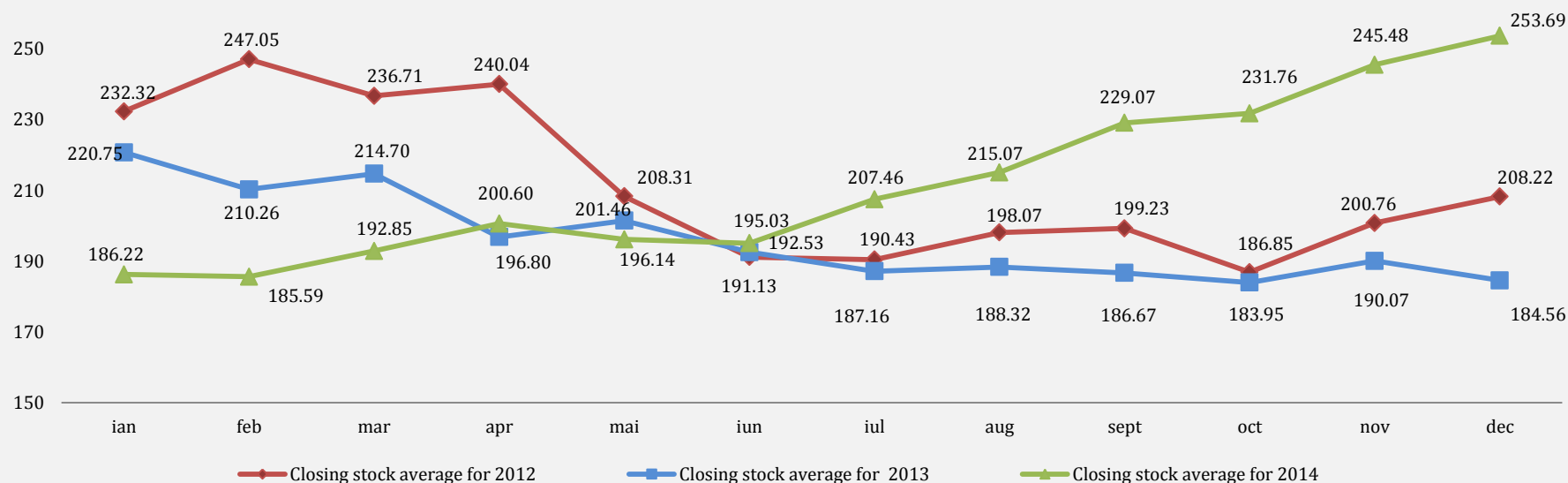
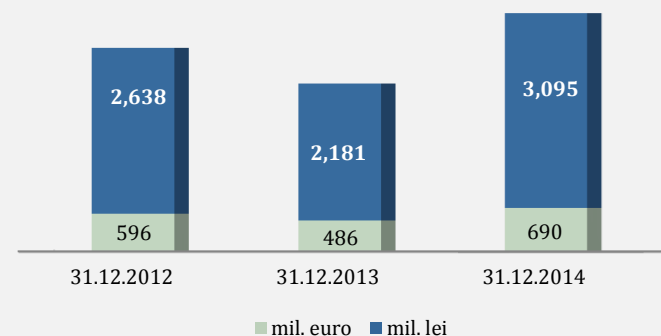
TRANSGAZ COMPARED TO PEERS

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TRANSGAZ compared to peers

Company	Country	P/E	P/BV	EV/EBITDA
Enagas	Spain	15.8	2.83	9.56
SNAM Rete Gas	Italy	12.8	2.26	10.21
Fluxys	Belgium	29.23	2.54	11.12
Media		19.27	2.54	10.29
Transgaz	Romania	9.25	1.01	4,30
Premium /Discount		-52%	-60%	-58%

Market Capitalization





**Thank you for your
kind attention!**