



THE NATIONAL GAS TRANSMISSION COMPANY

"TRANSGAZ" S.A. – Mediaș

Share capital: 117738440,00 RON

Trade Register registration number: J32/301/2000

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PRESS RELEASE

On the economic - financial indicators on March 31st, 2013

Background data

SNTGN “Transgaz” SA is a joint-stock company operating under Romanian laws and under the Articles of Incorporation.

In accordance with Government Decision no. 334/2000 and the Articles of Incorporation, Transgaz aims at accomplishing the national strategy established for the transportation, international transit, dispatching of natural gas and research-design in the field of transport of natural gas by engaging in, while observing the national legislation, trading deeds corresponding to the company’s object of activity.

Transgaz revenues are obtained through the following activities:

- **Transport of natural gases** which, due to its monopolistic character, is regulated by the National Energy Regulatory Authority.

The revenues obtained from transport are regulated through *ANRE Order no. 22/2012 for approval of the Methodology for price approval and setting regulated prices in the natural gas sector*.

In accordance with the above mentioned methodology, the total regulated revenue of the transport activity is determined, which is the basis for setting regulated prices for the transport of natural gases, according to the capacities booked and respectively to the volume of transported gas. In the structure of the total regulated revenue, the following elements are included:

- *operational costs* acknowledged by the authority (materials, energy and water, technological consumption, salaries, maintenance, repairs and others);
- *regulated amortization* of the assets pertaining to the transport activity;
- *costs undertaken directly*, costs outside the control of the operator (royalties for leasing NTS, tax for transport license, contributions to the salary fund, other taxes and fees);
- *the regulated profit* determined by applying the regulated rate of return on capital to the value of regulated assets used while carrying out the transport activity,

The substantiation of the regulated revenue is performed for 5 year regulation periods (the current period is 1st of July 2012 – 30th of June 2017), and during the regulation period, on an annual basis, the regulated revenue is adjusted in accordance with the annual inflation index diminished by the growth factor of economic efficiency, the value of fixed assets put into operation (through associated regulated amortization and associated regulated profit respectively) and by achieving or not achieving the approved regulated revenue corresponding to the previous gas year, thus:

- if in the previous year a regulated revenue greater than that approved has been obtained, the difference is subtracted from the regulated revenue of the following year;
- if in the previous year a regulated revenue smaller than that approved has been obtained, the difference is added to the regulated revenue of the following year;

Following the regulation of the transport activity in accordance with the above mentioned methodology, the revenues obtained from the transport activity cover the expenses generated by it and offer the possibility of obtaining a regulated profit limited to 7.72% of the value of the capital invested in this activity, respectively 9.12% for investments put into operation after the July 1st, 2012.

- **The activity of international transit of natural gases** which is also a gas transportation activity but, as it is performed through dedicated transport pipes (pipes which are not interconnected with the national transport system), *it is not a regulated activity, and transit fees are set on commercial bases through negotiation between the parties.*

The total revenues of the company is also completed by revenues from other activities having a smaller contribution to the turnover, such as selling assets, leases, royalties, as well as financial revenues from interests and exchange rate differences.

Revenues and expenses analysis on March 31st, 2013 compared to the figures from March 31st, 2012

The main economic - financial indicators achieved on March 31st, 2013, compared to the ones achieved in the corresponding period of 2012 are included in the table below:

thousand RON

No.	Denomination	Achieved 1.01-31.03.2012	Achieved 1.01-31.03.2013	Indicators (%)
0	1	2	3	$4=3/2 \times 100$
1.	Revenues from the exploitation activity	460.653	449.967	97,68
2.	Financial revenues	10.525	6.433	61,12
3.	TOTAL REVENUES	471.178	456.400	96,86
4.	Exploitation expenses	234.584	241.863	103,10
5.	Financial expenses	9.441	3.404	36,06

6.	TOTAL EXPENSES	244.025	245.267	100,51
7.	GROSS RESULT (r.3.- r.6.) out of which :	227.153	211.133	92,95
	• from exploitation	226.069	208.104	92,05
	• from the financial activity	1.084	3.029	279,43
8.	Tax on profit	37.773	29.570	78,28
9.	NET PROFIT	189.381	181.562	95,87

The total revenues obtained represent **96,86%** of the figure achieved in the corresponding period in 2012, registering a decrease of **RON 14.778 thousand**. The revenues were mainly influenced by the following factors:

- *the quantity of gas transported* was smaller in comparison with the quantity in the corresponding period in 2012 with 1.781.968 MWh (177.162 thousand cubic meters), with a negative influence of **RON 13.162 thousand**;
- revenues from the international transit of natural gas services registered an increase of **RON 1.575 thousand** due to the increase of the average exchange rates RON/Euro and RON/USD in comparison with the exchange rates in the corresponding period of the previous year;
- *the financial revenues* decreased by **4.092 thousand RON** in comparison with the corresponding period in 2012, due to the decrease of revenues from interest and revenues from favorable exchange rate differences.

Total expenses represent **100,51%** in comparison with the same period of the year 2012, their level being higher by **1.242 thousand RON**.

Exploitation expenses were achieved in a proportion of 103.10%.

Lower values have been registered in comparison with the results from 2012 in the following expense elements:

- consumption and technological losses of natural gases in the transportation system: **RON 9.626 thousand**, due to the quantity of natural gases destined for technological consumption, 300.536 MWh (23.260 thousand cubic meters) smaller in comparison with 2012;
- royalties for leasing the national transportation system: **RON 1.159 thousand**, due to obtaining smaller revenues.

Higher values have been registered in comparison with the corresponding period in 2012 in the following expense elements:

- tax on natural monopoly: **RON 8.932 thousand**, following the implementation of the provisions of Government Decision no. 5 from January 22nd, 2013;
- amortization of fixed assets: **RON 4.187 thousand** on fixed assets put into operation in the period March 2012 – February 2013;

- staff expenses: **RON 2400 thousand** observing the provisions of Government Emergency Ordinance no. 79/2008, respectively correlating salary increases with the increase in work productivity.

The gross profit is lower in comparison with the corresponding period in 2012 by **7.05% (RON 16.020 thousand)**, respectively the **net profit is lower by 4.13% (7.819 thousand RON)**.

Investment expenses on March 31st 2013 amounted to **RON 26.698 thousand**, out of which *RON 1.371 thousand* represent equipment for connecting to the NTS achieved in accordance with the regulations for accessing the NTS, approved through Government Decision no. 1043/2004. During the first quarter of 2013 installments related to investments credits worth *RON 6.000 thousand* have been reimbursed.

In the period analyzed investments amounting to **RON 40.021 thousand** have been activated.

In the first quarter of 2013 **RON 185.852 thousand** were due to the state budget, out of which:

- value added tax: RON 76.101 thousand;
- tax on profit: RON 57.340 thousand;
- oil royalties: RON 38.916 thousand;
- tax for salary revenue: RON 8.337 thousand;
- tax on natural monopoly: RON 4.536 thousand;

Also, the sum of RON 30.747 thousand has been paid to local budgets, special funds and social insurances.

General Manager,

Ioan Rusu

Endorsed:

Economic Department Manager,

Ioan Ștefănescu