

Spotlight: Transport Trade Services - Wind from the stern

This report is (co-) sponsored with financial contribution provided by the subject of the report.

- Transport Trade Services (TTS) is a Romanian logistics group consisting of 15 entities, including Transport Trade Services S.A. and 14 other companies in which Transport Trade Services S.A. holds control. Since 1997, TTS has become a leading provider of integrated logistics services in the Danube basin evolving from a pure forwarder into a reliable provider of tailor-made solutions covering the whole logistic chain for a large number of clients with diversified and high-volume cargoes. The group has a river fleet that can transport up to 800k tonnes, eight floating cranes and owns port terminals in Constanta and seven other ports along the Danube.
- TTS has been able to benefit quickly and cost-effectively from the current situation due to the fact that grain exports from Ukraine are taking place through many of the locations where the group already operates. With the current cereals prices elevated (the IMF reports an 85% increase in prices between 2020 and 2022) and transport capacities scarce, TTS is expected to continue charging high tariffs for transportation thanks to its fast and reliable logistic chains that can provide stability amid present uncertainty.
- Furthermore, some of the new wartime logistics chains may persist in peacetime, and with the re-emergence of now-disrupted mineral flows, we believe that a relative stability of revenues can be maintained once the current high transportation prices cease.



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Recent developments and expectations

- After an exceptional 2022, on the wings of the high prices brought by the war in Ukraine, the management has moderately optimistic expectations for 2023, considering: (i) the signs of growth in the global and Romanian ferrous metals industries, (ii) an increase in agricultural product stocks in Romania and (iii) promising indicators (i.e. high prices and volumes) for the fertilizer market. At the same time, the group is planning to invest RON 358 mn in 2023, +196% yoy, fostering organic and inorganic growth (i.e. Decirom acquisition for RON 108 mn).

Company data

Last close price 18.7.2023	18.6 RON/EUR	4.9377
Year low/high (RON)	9.4/18.6 Index	BETI
Shares outstanding eoy (mn)	60.0 Exchange	Bucharest Stock Exchange
Market capitalisation (EUR mn)	225.4 ISIN code	ROYCRRK66RD8
Free float	0.4 Bloomberg	TTS RO
Free float (EUR mn)	91.7 Reuters	TTS.BX
Avg. daily turnover (12M, in mn EUR)	0.1 Website	www.tts-group.ro

Source: Bloomberg, Reuters, RBI/Raiffeisen Research

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TTS group at a glance

Founded in January 1997, Transport Trade Services S.A. (TTS) has emerged as the main provider of integrated logistics services (3PL - Third Party Logistics) within the Danube basin. Over the course of more than 25 years, the company has experienced growth through both organic means and strategic mergers and acquisitions. Today, the group includes: river transport companies, port operating companies and port terminals located in Romania (on the Danube and in the port of Constanta), but also in Hungary and Austria.

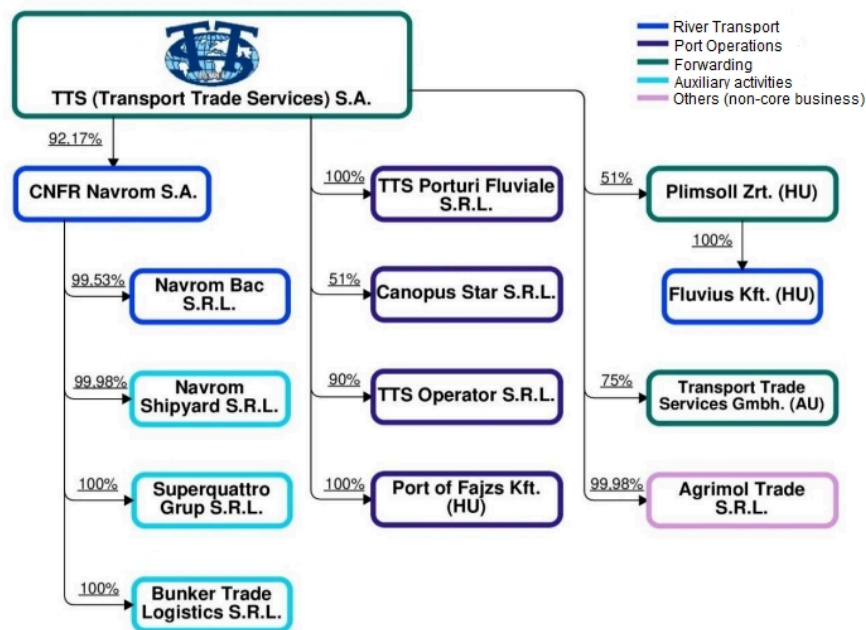
TTS' development

Year	Forwarding	River Transport Organic growth	Port Operations
1997	Incorporation of TTS		
1999			TTS buys one Carola Crane
2000		Berth 100 – innovation - transshipment by gravity	Building Multi Buoy Mooring system – innovation: 30 Cape and Panamax vessels
2003		Navrom raised a USD 14 mn loan from IFC for refurbishment of the fleet	TTS acquires grain storage silo in Galati
2005			Crane Gemni 3, two warehouses in Braila port
2006			Gottwald crane for Canopus operations, Gemini 4 crane and Liebherr 36 crane
2009	Incorporation of TTS GmbH (Vienna)	Bunker station with OMV Petrom in Constanta Port	Port Bechet – Greenfield investment
2014		M&A development	
		Acquisition of a minority stake in the publicly listed CNFR Navrom	Acquisition of a majority stake in Mast (now TTS Operator)
1998			
1999		Acquisition of 98% in NFR Drobeta – fleet consolidation;	
2003		Ownership increase in Navrom to over 50%	
2004			Acquisition of 41.6% in Canopus – grain terminal in Constanta Port;
			Acquisition of 41% in Transeuropa Port on the Danube river (currently TTS Porturi Fluviale)
2005			TTS gains control in Canopus
2007			Gains control in Transeuropa Port
2008			Acquisition of 100% in Oltenita Port
2016	Acquisition of 51% of Plimsoll (Budapest)	Indirect acquisition of Fluvius (Budapest) – 100% owned by Plimsoll	
2023			Acquisition of 99.9% of Decirom (operation and storage of solid bulk goods) in Constanta Port

Source: TTS, RBI/Raiffeisen Research

TTS group is comprised of 15 entities (including Decirom), Transport Trade Services S.A. and 14 other companies in which Transport Trade Services S.A. holds a direct or indirect stake of more than 50% of the share capital. Within the group, eleven companies are actively involved in the group's three main business segments: forwarding, river transport and port operations, while the rest provide ancillary services.

Group's main companies, as of December 31, 2022:



*Several immaterial participations were not included in the chart; for all the holdings see Annex 1

Source: TTS

TTS has been listed on the Bucharest Stock Exchange since June 14, 2021, after an IPO through which the company's shareholders sold 50% of the shares for RON 288 mn.

Price evolution



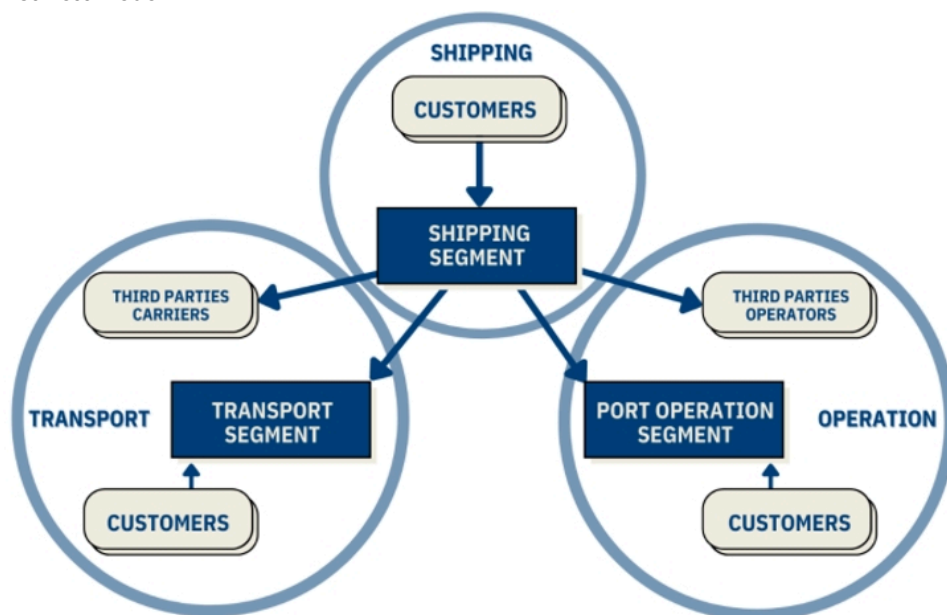
June 14, 2021 = 100%

Source: Bloomberg, RBI/Raiffeisen Research

Business model

TTS operates under a business model that primarily relies on utilising its own fleet (Navrom S.A. and Fluvius Kft) as well as its own port operators (TTS Porturi Fluviale S.R.L., TTS Operator S.R.L., Canopus Star S.R.L. and Port of Fajzs Kft). This approach is complemented by the forwarding segment, which also engages in contracting transport or operation services with third-party providers.

Business model



Source: TTS

Simultaneously, the group's companies engaged in river transport and port operations markets offer services directly to their respective customers while also fulfilling orders received from the shipping companies within the group.

TTS footprint



Source: Wikipedia, RBI/Raiffeisen Research

TTS owns a river fleet with a capacity of 800 thousand tons, eight floating cranes, two port terminals located in Constanta (excluding Decirom) and seven ports along the Danube river (six in Romania and one in Hungary).

TTS' facilities

Location	Services
Constanta	Transshipment Storage
Galati	Transshipment Storage Shipyard
Braila	Transshipment Storage Shipyard
Cernavoda	Transshipment
Oltenita	Transshipment
Giurgiu	Transshipment Storage
Bechet	Transshipment Storage
Drobeta Turnul Severin	Transshipment Storage
Fajsz	Transshipment

Source: TTS

The group primarily focuses on transporting dry bulk goods along the Danube, including agricultural products, mineral raw materials and chemical products. TTS provides comprehensive logistics services, encompassing river transport, port operations and other logistics chain management services. The transportation and port operations services are subcontracted by TTS to its subsidiaries or third-party entities.

Revenues

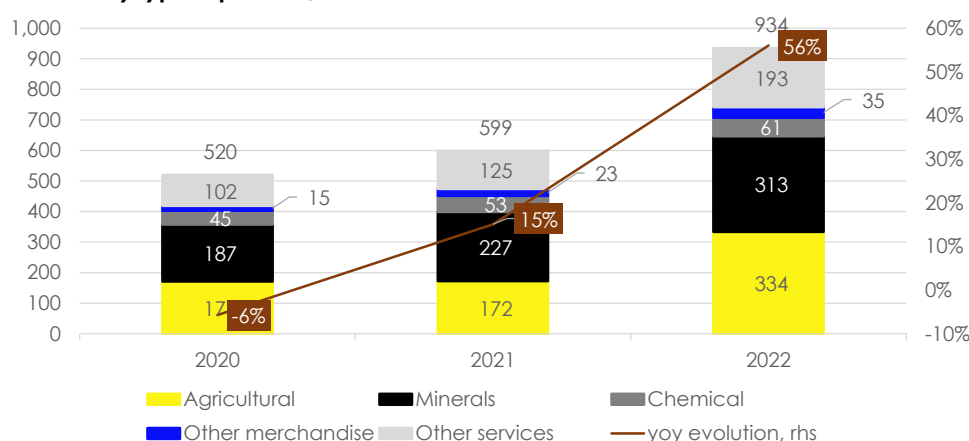
Revenues by product

The main products carried by the group are:

1. Minerals – logistics for both raw materials and finished products for metallurgical industries, as well as equipment.
2. Agri - logistics operations for agricultural goods, with a primary focus on cereals, oilseeds and feed.
3. Chemicals - logistics operations for fertilizers and raw materials used in fertilizer production (phosphate rock and finished products of the chemical fertilizer industry).

As part of their comprehensive range of services, the group provides integrated logistics solutions (i.e. transport services covering river, rail and road transportation as well as transshipment services between various transport units, from warehouses, silos and other facilities).

Revenues by type of products, RON mn



Source: TTS

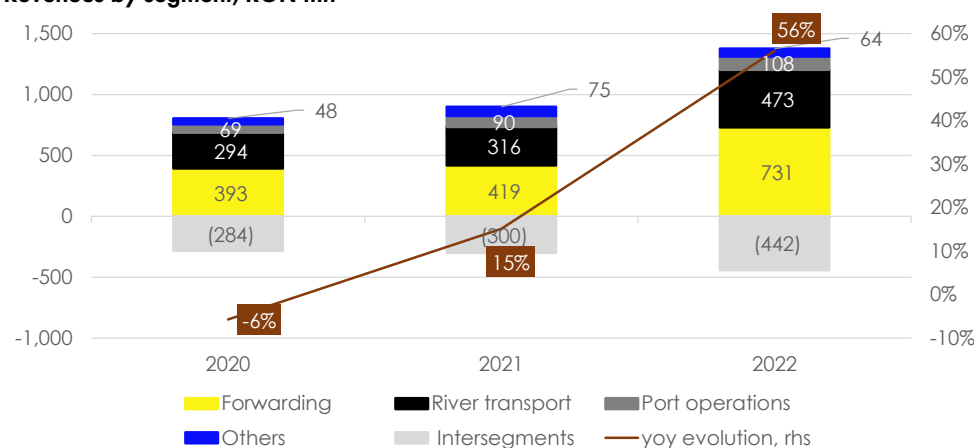
Revenues increased by 80% in the period 2020-2022 with the largest increases for: other merchandise, 125% (as a result of the transport carried out by NavromBac), 95% for agricultural products, 89% for other services (i.e. mainly trade revenue, shipyard revenues, hydro-construction, bunkering services), 68% for minerals and 34% for the chemicals. The main driver of the higher revenues was a strong increase in prices, considering the disruption of the regional logistics chains by the war in Ukraine.

Revenues by segment

From an operational point of view, the TTS has four business segments: forwarding, river transport, port operations and others.

In terms of revenue share in the total revenues of 2022 (excluding intersegment revenues), the highest weight was for forwarding at 53%, followed by river transport at 34%, port operations at 8% and other revenues at 5%

Revenues by segment, RON mn



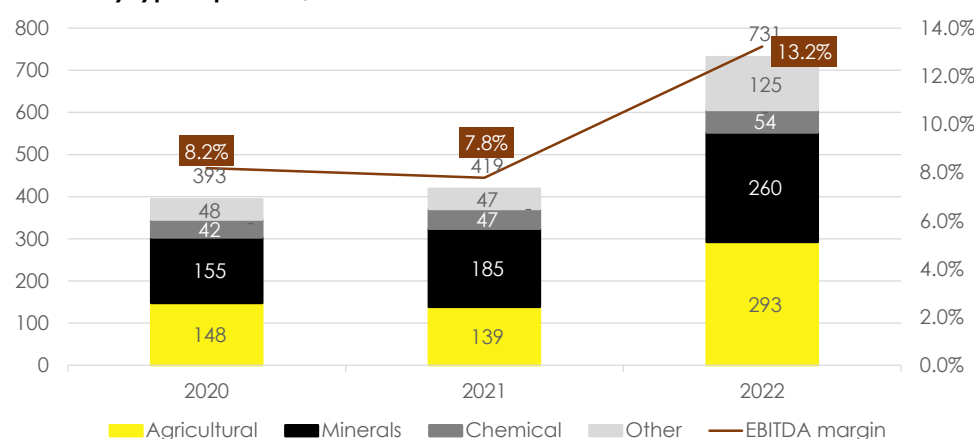
Source: TTS

Prior to 2022, all three segments (forwarding, river transport and port operations) experienced growth in revenues owing to a combination of increased volumes and prices. However, things took an exponential turn in 2022 when the war in Ukraine disrupted the logistics chains in the region, leading to a significant surge in prices. Consequently, even though some segments saw a decline in volumes in 2022, the substantial increase in prices compensated for it and pushed the revenues to year-on-year increases (ranging from 20% to 75%).

1. Forwarding

Forwarding represents the coordination and management of logistical activities involved in moving cargo or goods from one location to another along a river. The forwarding of goods represents the main segment of the business, being exercised by TTS S.A. as well as by the subsidiaries Plimsoll Kft (Hungary) and Transport Trade Services GmbH (Austria).

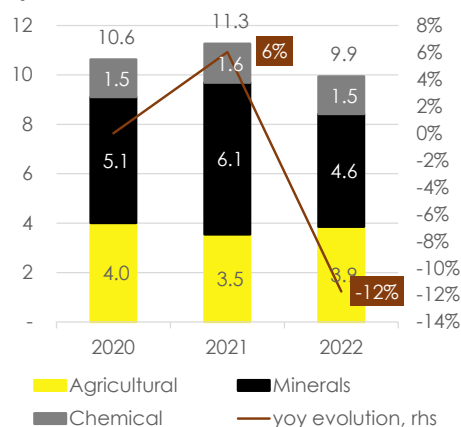
Revenue by type of products, RON mn



Source: TTS

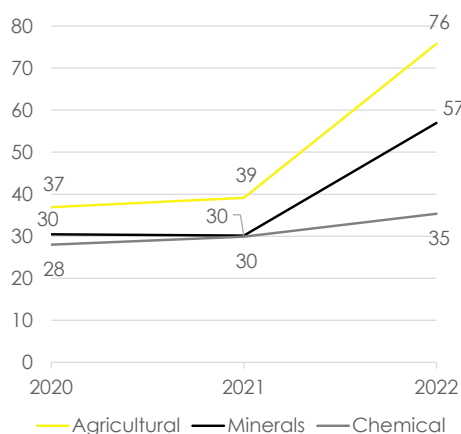
The year 2022 witnessed a remarkable rise in revenue for the forwarding segment, +75% yoy. This increase was due to the disruption of logistics chains caused by the war in Ukraine, which led to higher prices. At the same time, in terms of volumes, there were two significant changes in the market as a result of the war: (i) emergence of new grain exports from Ukraine and (ii) a temporary disappearance of some mineral flows, which are expected to resume once the conflict comes to an end.

Volumes transported by river and operated in ports, mn tonnes



Source: TTS

Average price per ton, RON



Source: TTS, RBI/Raiffeisen Research

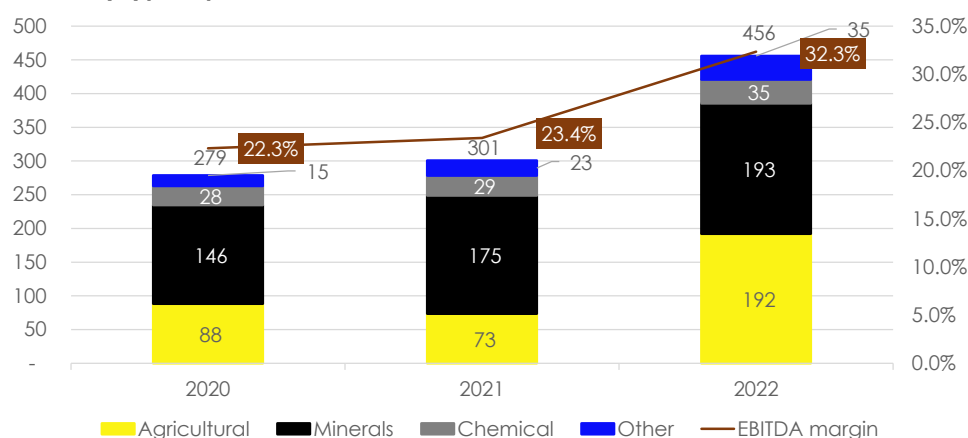
2. River transport

When it comes to transporting goods by river, TTS primarily utilises its own fleet, CNFR NAVROM. However, the group also operates as brokers, leveraging vessels from other Romanian and international shipowners. Hence, utilising its own fleet, the group can effectively serve transportation routes across:

- the Danube basin between Constanta/Sulina and Kelheim,
- Ukrainian ports (Izmail/Reni) up to Kelheim,
- Sava up to Brcko,
- Drava up to Osijek,
- Tisza and
- by the brokerage service ports in the Netherlands and France.

TTS, through its branches CNFR Navrom Galati and Fluvius in Hungary owns the largest fleet of barges on the Danube and carries out cargo transports. At the same time, the Navrom Bac subsidiary provides ferry services across the Danube, in Galati and between Romania and Ukraine (Isaccea-Orlivka).

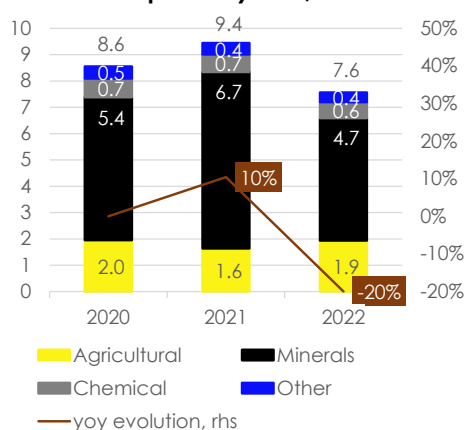
Revenue by type of products, RON mn



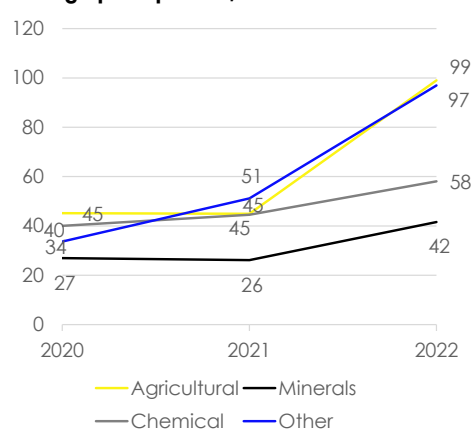
Source: TTS

In 2022, the river transport segment experienced comparable trends to the forwarding segment, but with a more noticeable decline in volumes as opposed to shipping (20% yoy vs. 12% yoy). However, the transportation of agricultural products was the only exception, with volumes increasing (+18% yoy) due to exports of grain from Ukraine. Overall, despite the decrease in volume, the river transport sector recorded a substantial increase in revenue, 50% yoy, attributed to the hike in prices.

Volumes transported by river, mn tonnes



Average price per ton, RON



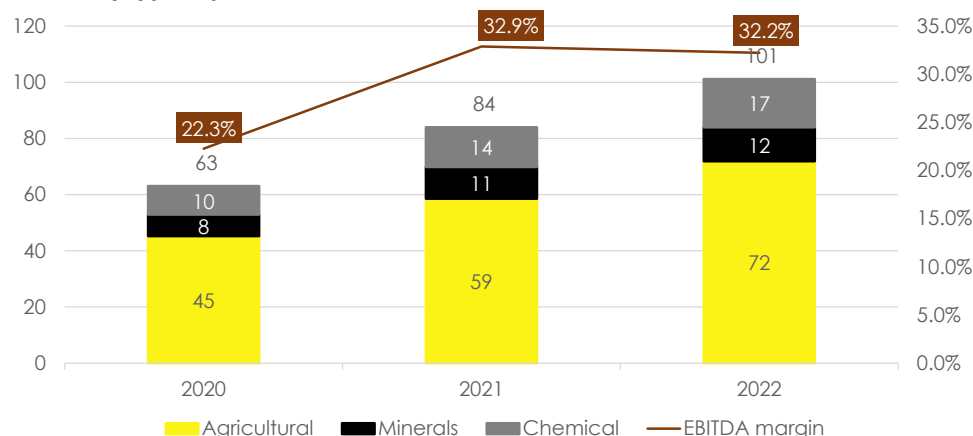
Source: TTS

Source: TTS, RBI/Raiffeisen Research

3. Port operations

The group possesses terminals in Constanta (Canopus, TTS Operator) as well as in various river locations (Galati, Braila, Giurgiu, Bechet, Oltenita and Drobeta Turnu Severin), all equipped with technology to ensure fast, dependable, efficient and competitive operational and storage conditions. Additionally, TTS collaborates with third-party port operators to facilitate transshipment operations along the entire navigable section of the Danube and in the Black Sea Ports. TTS offers comprehensive handling services: (i) direct or indirect transshipment; (ii) from ships to barges and in reverse; (iii) from barges to wagons and trucks; (iv) storage in the port of Constanta and in other Danube ports.

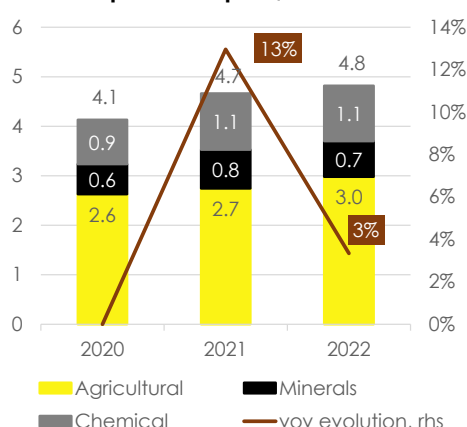
Revenue by type of products, RON mn



Source: TTS

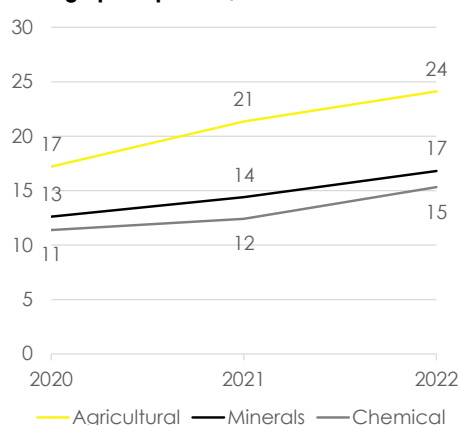
The port operations segment displayed the least amount of volatility in prices and volumes in 2022. This segment saw an increase in both prices and volumes, although the growth was lower than for the other two segments. The rise in volumes was due to the transportation of grain exports from Ukraine, which were primarily facilitated through direct transshipment at buoy terminals operated by TTS during the second half of the year. As a result, the revenue for the port operations segment experienced a 20% increase in 2022 compared to 2021, the smallest growth among all three segments.

Volumes operated in ports, mn tonnes



Source: TTS

Average price per ton, RON



Source: TTS, RBI/Raiffeisen Research

4. Others

The others segment covers a number of supporting activities including shipyards (repair of barges and propelled vessels), dredging works, rail cargo, bunker services for vessels and others.

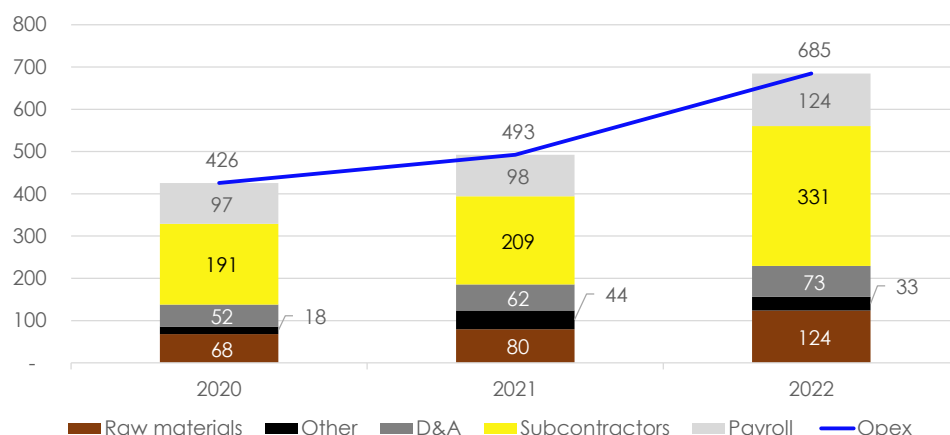
Financial profile

1. Opex

TTS achieved an 80% increase in revenues during 2020-2022, with expenses rising only 61%, showcasing the group's effective cost management. In 2021, after the war started, TTS enhanced the contractual terms of fuels by incorporating Bunker Adjustment Fee protection clauses in their long-term contracts with partners, providing a better protection of the margins. In 2022, expenses increased by 39%, lower than the 58% increase in revenues. TTS experienced significant increases in expenses for subcontractors (+59%), raw materials (+55%), payroll (+26%) and depreciation (+18%). The increase in subcontractor expenses was due to market conditions, with volumes

subcontracted with third parties increasing while volumes subcontracted in the group decreased. High fuel, material and energy prices have led to an increase in raw material expenses, which has had a negative impact on operational and maintenance costs. At the same time, the increase in payroll expenses was a result of a 6% rise in the average number of employees and a 19% increase in expenses per employee.

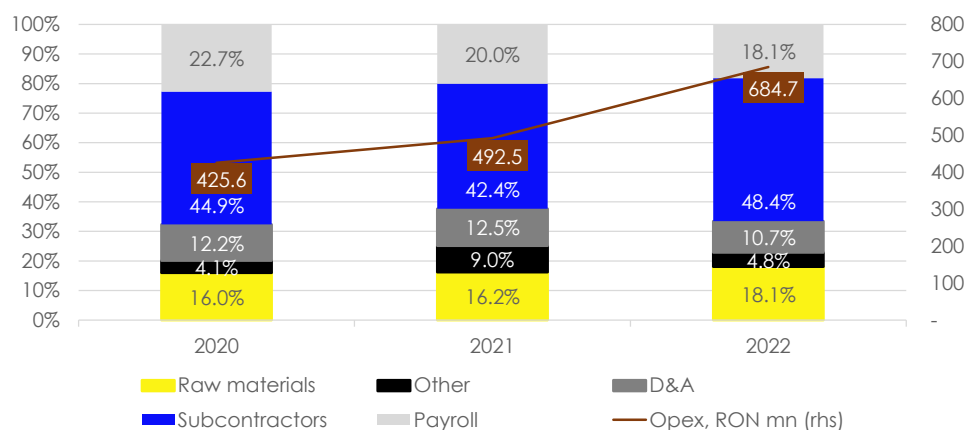
Opex decomposition, RON mn



Source: TTS

The main cost item, with a share of slightly over 48% in 2022, was subcontractors. In the period 2020-2022, the CAGR of subcontractor expenses was 31.6%, while the CAGR of opex was 26.8%. Payroll and raw materials were the second largest contributors to opex in 2022, each accounting for approx. 18.1%, followed by D&A and other expenses with 10.7% and 4.8%, respectively. Overall, the opex CAGR for the period 2020-2022 was 7.2 pp lower compared to the revenue CAGR of 34.0%.

Opex decomposition

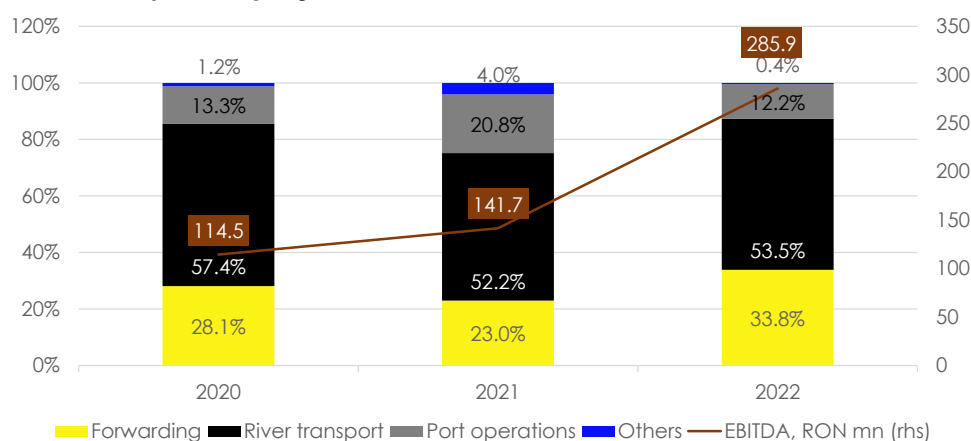


Source: TTS, RBI/Raiffeisen Research

2. Profitability

Between 2020 and 2022, the group's EBITDA CAGR (excluding intersegment revenues) was 58%, driven by the growth of the forwarding activity's EBITDA at a CAGR of 73%. Additionally, the activities of river transport and port operations had a EBITDA CAGR of 53% and 51%, respectively.

EBITDA decomposition by segment

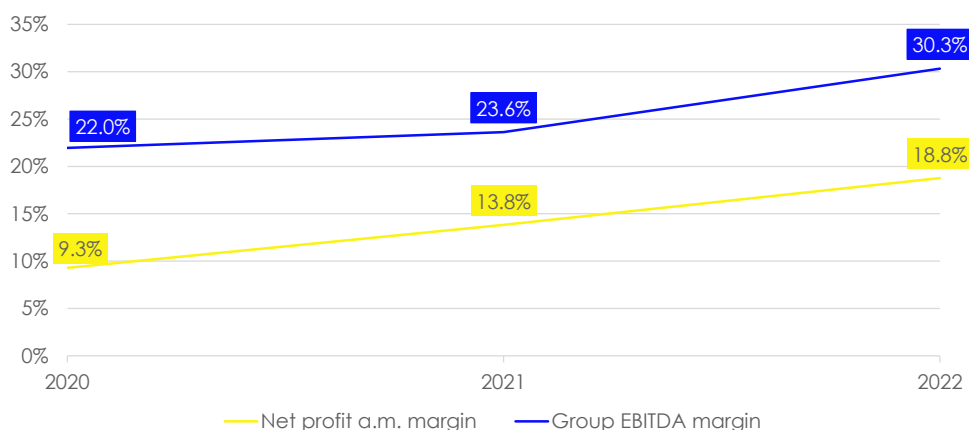


Source: TTS, RBI/Raiffeisen Research

The river transport segment's high margin, averaging 26.0% between 2020-2022, is the primary source of the group's profitability, accounting for 50.0% of EBITDA despite only contributing an average of 35.0% to revenues (excluding intersegment expenses). At the same time, the forwarding segment, with a lower margin (averaging 9.7%), which it compensates for by volume (considering that it generated 50.0% of the group's revenues in the period 2020-2022 excluding intersegment expenses) accounted for 28.3% of group EBITDA obtained in the last three years. The third major contributor to the company's profitability is represented by the port operations segment with an average of 15.4% in the analysed period, while other operations represent slightly under 2%.

Over the past two years, the group experienced significant growth in turnover. Despite operating costs also increasing, the growth was not as pronounced, resulting in exceptional improvements in profitability margins.

EBITDA and Net profit margin evolution



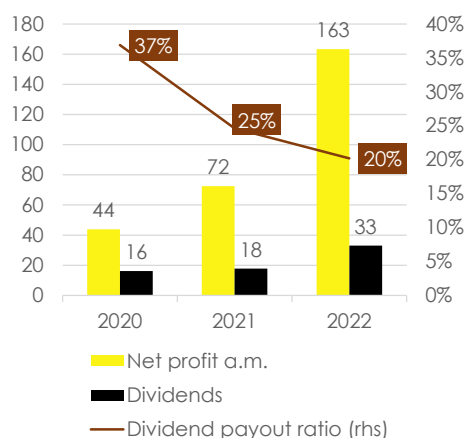
Source: TTS, RBI/Raiffeisen Research

3. Dividends

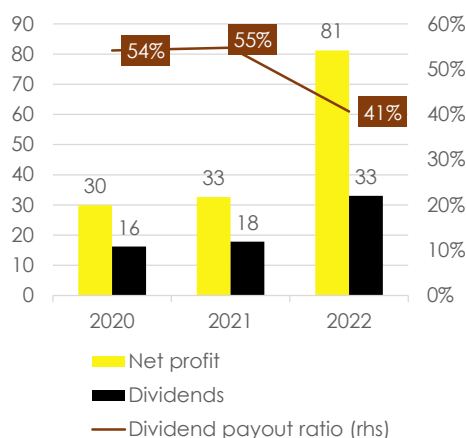
Even if revenues (of the TTS group) recorded a remarkable CAGR of 26.8% in the period 2020-2022, they were dwarfed by the bottom line. The net profit after minorities demonstrated a noteworthy CAGR of 92.9% during the mentioned period, primarily attributed to substantial price increases witnessed in 2022.

According to the dividend policy, the company will consider a target payout ratio of 45%, calculated in relation to the distributable net profit of TTS S.A. (i.e. mainly the profit brought by the forwarding activity).

TTS group - Dividends & Net Profit



TTS S.A. - Dividends & Net Profit



Source: TTS, RBI/Raiffeisen Research

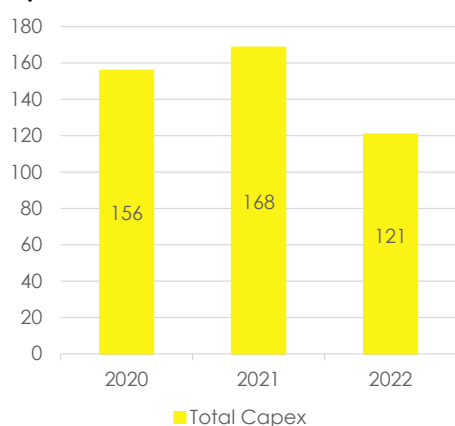
Source: TTS, RBI/Raiffeisen Research

4. Capex&Debt

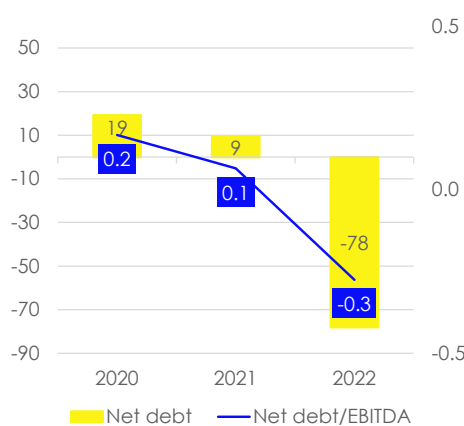
The year 2022 resulted in a decrease in capex (-19% yoy), mainly due to a lower number of required vessel recertifications. The 2023's budget (RON 358 mn) is designed to foster both organic and inorganic growth within the group. The key investment initiatives encompass the following: (i) the refurbishment of Giurgiu port (a project co-financed by European funds), (ii) two floating cranes (approx. RON 55 mn) and (iii) the purchase of Decirom (approx. RON 108 mn).

The year 2022 witnessed a remarkable upsurge in cash generated from operations, 84.1% yoy, resulting in a negative net debt and strong cash position of RON 146 mn (approx. 14.5% of assets, 7.1pp higher than in 2021).

Capex



Debt



Source: TTS, RBI/Raiffeisen Research

Source: TTS, RBI/Raiffeisen Research

Clients and market share

According to TTS, the 10 largest customers provided 60% of the group's consolidated turnover in 2022 with individual contributions between 2.0% and 12.5% of the turnover.

The group states that there are two significant market shares: (i) river transportation of solid bulk goods (i.e agricultural, mineral, and chemical products) on the Romanian section of the Danube and (ii) port operations for solid bulk goods in the Constanta

port. As per the group's projections: (i) the river transport share was 27.8% in 2022 and is expected to increase to somewhere between 28-30% in 2023 while (ii) the share in the Constanta port was 12.2% in 2022, and the group anticipates it will rise to somewhere between 13.5-15.5% in 2023, primarily due to Deciom's acquisition (although the integration process's uncertainty remains high).

2022, an exceptional year

In the first quarter, TTS faced disruptions in contracted cargo flows and cost increases due to strong price increases (direct and indirect effects of the war in Ukraine) and suboptimal navigation conditions (large barges in convoys on routes to the Upper Danube were only used at full capacity 35% of the time and smaller ones only 70% of the time). In the second quarter, TTS witnessed a massive increase in agricultural product flows due to Ukrainian grain exports, while some flows of mineral raw materials and chemical fertilizers exited the market. This led to a general increase in market rates (due to the limited physical transport and operating capacities), but TTS was able to respond quickly by reallocating its fleet and utilising two buoy terminals in the inner lane of the port of Constanta. These measures allowed the group to benefit from favourable market conditions, resulting in stable and consolidated transport and port operating rates throughout the second half of 2022.

Guidance for 2023

TTS has moderately optimistic expectations for the markets it serves. According to the company, the ferrous metals industry shows signs of growth globally and in Romania, indicating increased demand for logistics services. Despite drought conditions and market challenges, agricultural product stocks in Romania (along with projected grain harvests and imports from Ukraine) are expected to surpass 2022 volumes. The fertilizer market faces high prices but demonstrates promising transport and business volume indicators, particularly for goods transiting through Constanta to Serbia and Ukraine.

In line with these developments, TTS has secured two contracts for integrated logistics services in 2023, worth an estimated total of RON 300 mn. Inflation, rising fuel costs, raw material prices and energy expenses pose potential challenges to profitability and asset maintenance. External factors such as weather conditions, including water levels in the Danube, drought impacts on agricultural crops and regional geopolitics, may negatively influence TTS's operations and commodity flows.

However, TTS is proactive in analysing natural changes in the Danube basin and utilises its services and economic relations to find optimal solutions and mitigate the impact of these events.

In 2023, the company plans to accelerate investments in new capacities and the modernisation of existing capacities, particularly in fleet and port operations. Key investment initiatives include: (i) the refurbishment of Giurgiu port (a project co-financed by European funds, which commenced in 2022), (ii) two floating cranes (for approx. EUR 11 mn or RON 54.5 mn) and (iii) the purchase of a port terminal in Constanta (Deciom, for EUR 21.8 mn or approx. RON 107.9 mn).

M&A

TTS group owns Canopus terminal in Constanta port, which handles only agricultural goods, and two buoy terminals that can only be used as part of "just-in-time" logistics chains. TTS lacks a terminal with deep berths and suitable storage for other types of dry bulk commodities.

In February 2023, TTS reached a preliminary agreement to acquire 99.9% of Decirom's share capital for approximately RON 108 mn (out of which approx. RON 57 mn will be borrowed from banks). The acquisition was approved at the Extraordinary General Meeting of Shareholders in June 2023, with an investment program of approximately RON 50 mn.

Decirom

Decirom S.A. Constanta is a company with more than 70 years of activity in the field of operation and storage of solid bulk goods in the port of Constanta (with emphasis on chemical, metallurgical and wood products) and has operational capabilities complementary to those operated by TTS group.

Operational indicators in 2022, mn tonnes

	TTS port operation	Decirom	Total
Agricultural products	3.0	0.0	3.0
Minerals	0.7	0.5	1.2
Chemical products	1.1	0.4	1.5
Total	4.8	0.9	5.7

Source: TTS

Located in the northern area of the port, the company operates at six berths (23, 23/24, 47, 48, 49, 50), each equipped with two railway lines and 17 quay cranes. The length of each berth measures 1,480 metres, while the water depth at berths 47-50 is 13-13.5 metres, making it sufficient for Panamax vessels, while at berths 23-24, the depth ranges from 7.5-8 metres. Within the port of Constanta, Decirom possesses (i) 30,000 sqm of technological platforms, (ii) 68,000 sqm of storage platforms and (iii) 32,000 sqm of covered warehouses.

Financial indicators in 2022, mn RON

	TTS port operation	Decirom	Total
Revenues	108.4	42.6	151.0
Operating result	18.8	9.8	28.6
EBITDA	34.9	12.3	47.2

Source: TTS

Decirom in Port of Constanta



Source: TTS

From an operational point of view, Decirom is going to be integrated into the Port Operations Segment alongside TTS Operator S.R.L., Canopus Star S.R.L., TTS Porturi Fluviale S.R.L. and Port of Fajsz Kft., contributing to the expansion of capacity and diversification of services provided to customers.

Management and group structure

TTS grants a high degree of autonomy to its subsidiaries, they have the freedom to make their own business and investment decisions, each being led by a board of directors and having their own management structures. At the same time, TTS S.A. exercises control over subsidiaries through voting power, appointing directors.

The Board of Directors (BoD) of TTS S.A. is composed of five directors of which three are independent and one is part of the executive board. The mandates of the five BoD members are valid for four years and started on August 26, 2021.

Alexandru-Mircea Mihailescu, President

The founder of TTS group, Mr. Mihailescu, has over 50 years of experience in the transportation industry. He has held various roles in many transportation companies (i.e. ROMTRANS, NAVROM Galati, TRANSORIENT, Shilam AG) and was previously the CEO of TTS. He has been President of the TTS' BoD since 2011.

Ion Stanciu, Executive Member

Mr. Stanciu has over 35 years of experience in the transportation industry, having held various positions at companies related to the transportation industry. He has been with TTS since 1997 and currently holds the position of Deputy CEO/COO. Ion Stanciu has also served as General Director from 2011 to 2014, and is a member of the BoD at TTS S.A., SOCEP S.A. Constanta, and the president of the BoD at Canopus Star Constanta.

The Board also includes Independent Members: Ana-Barbara Bobirca, Dorin-Alexandru Badea, and Elena Butnariu, who have expertise in business consulting, finance, and accounting. The Board's collective experience, extensive experience, and good governance practices make them a competent and effective governing body for TTS.

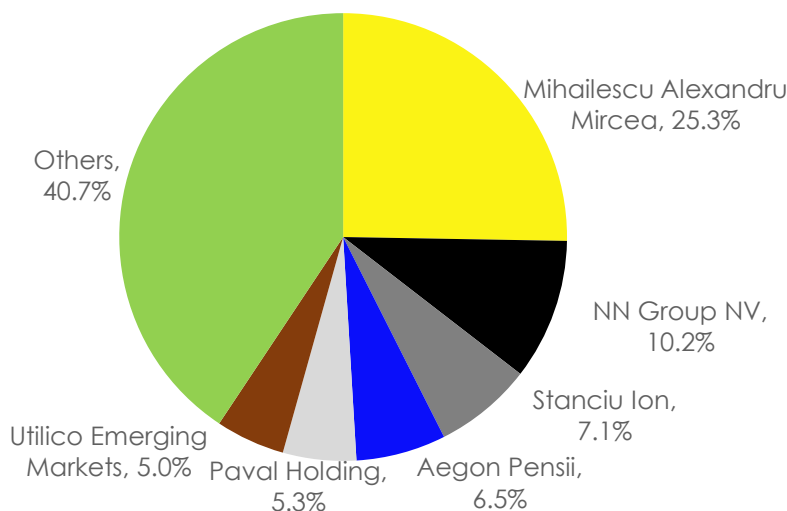
The three directors of TTS who are also shareholders of the company are: the CEO, the Deputy CEO/COO and the CFO. The President of the BoD is a Non-executive Director and the largest shareholder of TTS while the Executive Member of the Board of Directors (Deputy CEO/COO) is the second largest shareholder of TTS.

Capital

The subscribed and paid-up capital of the company stands at RON 60 mn, divided into 60 mn registered, ordinary, indivisible shares, which are freely transferable. The shares, which are issued in dematerialised form, have a nominal value of RON 1 and provide owners with equal rights.

Since the listing on the stock exchange, Mr. Ion Stanciu bought another 45 thousand TTS shares, while Mr. Dorin Alexandru Badea bought 30 thousand.

Shareholder Structure



Source: TTS

ESG report

The ESG risk score of TTS according to Morningstar Sustainalytics is 24.8 (medium risk), ranking at the 47th percentile compared to the entire universe of companies for which Sustainalytics calculates risk scores (15,563 companies). It ranks at the 56th percentile within the transportation industry (395 companies) and at the 62nd percentile within the sub-industry of shipping (97 companies).

Also according to Morningstar Sustainalytics, companies operating in this particular subindustry (i.e. shipping) generally encounter the most significant risk exposure to crucial ESG concerns such as Emissions, Effluents and Waste, Carbon-Own Operations, and Occupational Health and Safety. The rating given to TTS in terms of ESG Risk Exposure was medium with a score of 35.3.

In respect of ESG Risk Management, the company received an average rating (33.8 score). The remarks highlight poor disclosure practices, indicating a lack of accountability to investors and the public. While the company has taken steps to address risks associated with important ESG issues, it lacks comprehensive policies and programs in key areas. However, it is noteworthy that the company has not been involved in any significant ESG related controversies.

Financials

Income statement (RON mn)	12/2020	12/2021	12/2022
Consolidated sales	472.5	524.0	870.3
EBITDA	114.2	141.5	283.3
EBIT	62.2	79.9	210.4
Financial result	-3.2	-1.0	-1.8
Earnings before taxes	59.1	78.9	208.6
Net profit before minorities	48.3	66.4	178.9
Net profit after minorities	44.2	60.3	164.1
Adjusted Net profit	43.9	72.5	163.4
Cash flow statement (RON mn)			
Cash flow from the result	99.7	124.2	277.2
Change in working capital	7.9	-2.2	-52.4
Operating cash flow	107.5	122.1	224.8
Capex PPE and intangible assets	-73.1	-97.2	-120.8
Investing cash flow	-64.4	-96.0	-119.5
Financing cash flow	27.8	9.9	87.5
Balance sheet (RON mn)			
Property, plant and equipment	583.7	631.9	666.0
Intangible assets	1.9	1.7	1.4
Right-of-use assets	0.0	0.0	0.2
Goodwill	3.8	3.8	3.8
Investments in associates	7.6	8.0	8.5
Other non-current assets	4.1	3.3	0.7
Total fixed assets	601.2	648.7	680.6
Inventory	23.0	31.0	39.7
Trade receivables and other receivables	54.7	47.8	95.9
Other current assets	16.8	10.7	42.7
Cash	55.2	58.9	146.0
Assets held for sale	0.0	0.0	0.0
Total current assets	149.6	148.3	324.4
Total assets	750.8	797.0	1,005.0
Share capital	31.7	31.7	61.7
Reserves	223.5	239.9	287.0
Retained earnings	244.4	284.6	353.1
Shareholders' Equity	499.7	556.2	701.8
Non-controlling interests	105.3	106.3	116.6
Interest-bearing loans	23.1	26.8	40.9
Deferred tax liability	7.8	9.4	9.3
Long-term lease	0.2	0.0	0.3
Other long-term payables	0.1	0.4	15.3
Total LT liabilities	31.2	36.6	65.7
Trade and other payables	28.9	29.9	45.3
The current portion of leases	0.2	0.0	0.1
Interest-bearing loans	50.8	41.3	26.8
Provisions for liabilities and charges	5.0	1.5	3.9
Other short-term liabilities	29.7	25.1	44.8
Total ST liabilities	114.7	97.9	120.9
Total equity and liabilities	750.8	797.0	1,005.0

Source: TTS

Market overview

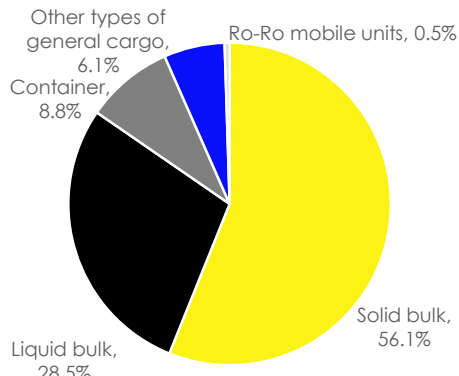
The Central Commission for the Navigation on the Rhine's 2022 Annual Report shows that inland waterway transport in Europe (excluding Ukraine) reached around 137 bn TKM (Tonne-Kilometre) in 2021, with 74.4% involving crossing a border in various forms. The Rhine countries accounted for 81.1% of the total transport, while the Danube countries contributed 18.6%. On the Danube, the total transport performance in 2021 was 29.8 bn TKM, with pushed convoys accounting for a significant portion of goods transport. The Danube-Black Sea Canal facilitated the transportation of 17.3 mn tonnes of cargo (+4.7% vs. 2020). Iron ores and agribulk were the most transported commodities on the Middle Danube in 2021, but the war between Russia and Ukraine severely affected grain and foodstuff shipments in the first half of 2022.

Romanian water transport overview

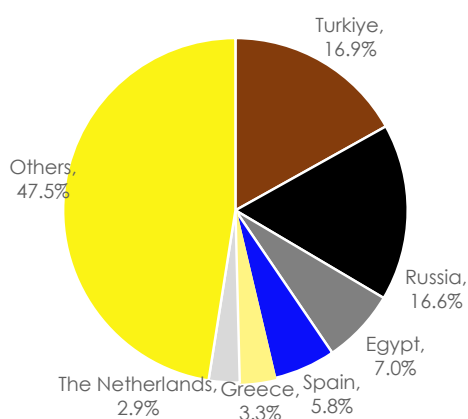
In 2022, the most significant quantities of goods loaded and unloaded in Romania were recorded in relation to the following partners: Turkey (10,187 thousand tonnes) and Russia (9,991 thousand tonnes), while among the member states of the European Union: Spain (3,467 thousand tonnes) and Greece (1,971 thousand tons) recorded the highest volumes of transported goods.

Solid bulk cargo totalled 33,817 thousand tonnes during 2022 and accounted for 56.1% of total transported goods, followed by liquid bulk cargo and containers, with 28.5% and 6.6%, respectively.

Maritime port - Loaded and unloaded goods, by type, 2022



Maritime port - Loaded and unloaded goods, by country, 2022



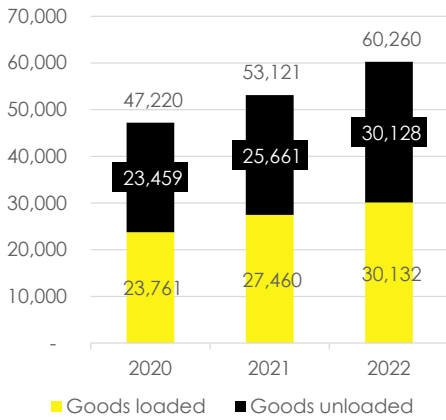
Source: National Institute of Statistics of Romania

Source: National Institute of Statistics of Romania

The main maritime port transport indicators in 2022 marked an increase in total volume by 13.4% compared to the same period of the previous year (vs. 12.5% yoy in 2021) as a result of a 9.7% increase in loaded goods and a 17.4% increase in unloaded goods.

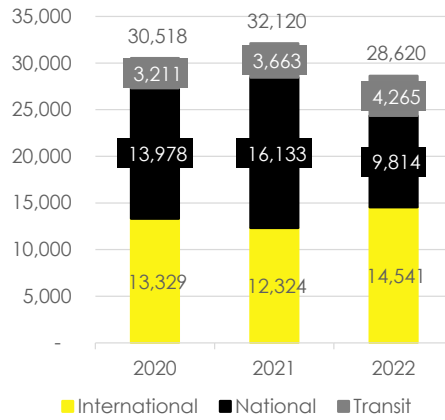
In respect of inland waterways transport, 2022 marked a 10.9% yoy decrease as a result of a negative evolution recorded by national transport, a 39.2% yoy decrease.

Maritime port transport, ths tonnes



Source: National Institute of Statistics of Romania

Inland waterway transport, ths tonnes

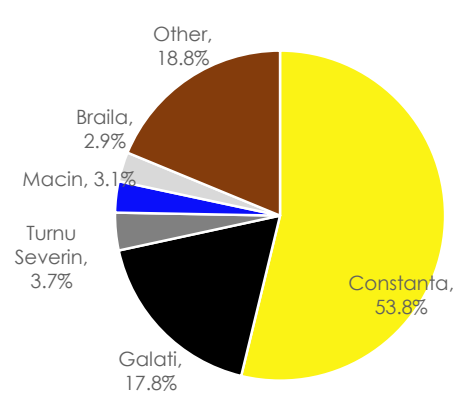


Source: National Institute of Statistics of Romania

In national transport on inland waterways, metallic ores, mining products, quarrying, peat, uranium and thorium accounted for 54.8% in 2022, while the ports where the largest quantities of goods registered were Constanta with a 53.8% share and Galati with a 17.8% share.

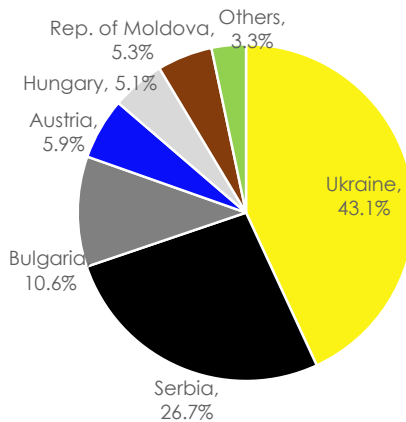
Also in 2022, 24.5% of the goods registered in international transport on inland waterways had as their destination or origin member states of the European Union. At the same time, Ukraine had the largest share considering the origin and destination of the goods transported, 43.1%.

Inland waterway transport - Romanian ports, 2022



Source: National Institute of Statistics of Romania

Inland waterway transport - International transport of goods, by country, 2022



Source: National Institute of Statistics of Romania

Annex 1

Transport Trade Services S.A. holdings as of December 31, 2022

Name	Core Business	Type	Ownership
CNFR Navrom S.A.	Transportation of goods on rivers	Subsidiary	92.2%
Canopus Star S.R.L.	Handling of goods	Subsidiary	51.0%
TTS Porturi Fluviale S.R.L.	Handling of goods	Subsidiary	100.0%
TTS Operator S.R.L.	Handling of goods	Subsidiary	90.0%
Navrom Bac S.R.L.	Transportation on rivers	Subsidiary	91.7%
Navrom Shipyard S.R.L.	Repair and maintenance of ships and boats	Subsidiary	92.2%
Superquattro Group S.R.L.	Hydrotechnical works	Subsidiary	92.2%
Transport Trade Services GmbH	Complementary activities related to transport	Subsidiary	75.0%
Plimsoll Zrt	Complementary activities related to transport	Subsidiary	51.0%
Fluvius Kft	Transportation of goods on rivers	Subsidiary	51.0%
Port of Fajsz Kft	Handling of goods	Subsidiary	100.0%
Agrimol Trade S.R.L.	Trading various products	Subsidiary	100.0%
Bunker Trade Logistics S.R.L.	Complementary activities related to transport	Subsidiary	92.1%
Transterminal-S S.R.L.	Railway transportation of goods	Associate	20.0%
Navrom Port Service S.A.	River transportation of goods	Associate	50.0%
Management NFR S.A.	Business and consultancy services	Investment	20.0%
GIF Leasing IFN	Finance lease	Investment	7.7%

Source: TTS

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Transport Trade Services Rating History as of 07/17/2023



The distribution of all recommendations relating to the 12 months prior to the publications date (column A), as well as the distribution of recommendations in the context of which services of investment firms set out in Sections A (investment services and activities) and B (ancillary services) of Annex I of Directive 2014/65/EU of the European Parliament and of the Council ("special services") have been provided in the past 12 months (column B).

	Column A	Column B
Investment recommendation	Basis: All recommendations for all financial instruments (last 12 months)	Basis: Recommendations for financial instruments of all issuers, for which special services were rendered in the last 12 months
Buy recommendations	59.9%	59.2%
Hold recommendations	23.6%	23.0%
Sell recommendations	16.5%	17.8%

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