

## Transport Trade Services

### Questions and Answers

#### Teleconference for the presentation of the preliminary financial results for 2021

03.03.2022

#### **1. Why don't you consider giving more free shares from the reserves, except for what you have proposed now – one for each share held?**

*Answer:* As a precaution, TTS was built this way, prudence being one of our core values. These reserves have been built over time and we intend to use them prudently on the long term, which is why we have granted only one share for each share already held. We want to keep a balance between the level of reserves and the wishes of shareholders. Another reason would be that 2022 is forecast to be very volatile for the capital markets and in such periods of volatility it would not be a wise choice to issue shares. We preferred to act prudently, but to give a positive signal and we granted this dividend with an allocation rate of 1 to 1. We acted accordingly to the market trends.

#### **2. What investments do you plan using European Funds or grants?**

*Answer:* We have two projects, also mentioned in the listing prospectus. One is in a more advanced state – Giurgiu port, where we are in the first evaluations of the competent authorities, and we hope that by June we will have the approved financing and start the works. The second is in Brăila port, in cooperation with the administration of the port. This is a larger project, it is not as advanced as the one in Giurgiu, and at this moment it is still in the stage of obtaining preliminary documents for the urbanism certificate, environmental permits, etc. For both projects we aim to use European funds.

#### **3. How the situation in Ukraine is affecting your business?**

*Answer:* At this point we can say that our activity is not affected because the flows of goods we transport are outside the conflict area, with small exceptions. An exception is the situation at Galați plant where there is a flow of goods coming through Izmail port from Ukraine, which is currently closed, but the transport was not provided by TTS group. Our cargo flows are not affected at this time. But the situation is particularly serious and there is a risk that maritime navigation will suffer from certain restrictions and these possible restrictions could also be transferred to river traffic. There may be some restrictions on the transport of chemical fertilizers because many traditionally came from Ukraine and some from Russia. In terms of harvest, there are areas where the soil moisture is very good, in the west part of the country, in Ukraine, in Serbia. The lack of goods in Ukraine could increase prices and affect flows.

Another risk is related to the measures that states could take in the next period to block certain goods in the country.

The evolution of the situation in Ukraine is a risk factor that must be considered. January and February freight volumes are satisfactory.

#### **4. Do you intend to develop new related business lines that can be integrated with the core business?**

*Answer:* Our activity is represented by water transport, land - rail and car, and port. This year we have expanded in all segments, but we have also expanded geographically. The geographical expansion is still taking place, we are pursuing the goals we have set. The modernization and development of the existing assets go according to the previously established programs. At this moment we are keeping an eye on the activity in Ukraine which is changing some flows of goods, but we have neither destination, nor origin, if we talk about Ukraine which is a very big market. It is clear that in the future there will be flows of goods that will search new routes for bulk cargo, minerals, but especially containers. We are already in contact with several companies working in these fields, looking for new theoretical transport routes from Ukraine and to Ukraine, via Constanța port.

At this moment we have no plans to develop activities other than those that already exist.

#### **5. Do you intend to publish a non-financial report?**



*Answer:* Yes, we will have the non-financial report published at the end of June. In the financial calendar published on BVB website we have already announced when the report will be available.

**6. In addition to the 1 to 1 free share, do you intend to propose to the GMS also cash dividends? What is the value of the dividends you intend to give for 2021?**

*Answer:* The dividend policy is published on our website. At the end of March, the GMS meeting will be convened, which will take place on April 29, and then we will publish the materials with information also about the dividend proposal.

**7. What is the perspective of the activity in view of a possible prolonging of the conflict for several years? Possible opportunities.**

*Answer:* It is too early to talk about what will happen in a few years. What we can tell you is that since the conflict started we have been in touch with all our customers. For the next period they do not see major changes.

**8. Are you considering a buy back operation?**

*Answer:* The Board of Directors has not yet taken a decision. In principle we consider the stock option plan which is likely to involve a redemption of shares. At present, apart from the decision to distribute part of last year's undistributed profit in the form of a capital increase by issuing new shares, no other decision has been taken.

**9. How do you see the transport of bauxite this year since ALRO announced a 60% reduction in primary aluminium production?**

*Answer:* ALRO used to import and export aluminium, we knew this subject before making the budget. We have budgeted the quantity contracted according to the December contract, with an option to supplement the quantities to be brought. At this moment it is too early to predict.

**10. Do you depend on equipment or spare parts from the conflict zone?**

*Answer:* No, our equipment is all European or American produced. We do not have equipment produced in Ukraine or Russia.

**11. If the price of TTS on the stock exchange falls further, do you consider the repurchase of shares to be cancel effective?**

*Answer:* The repurchase of shares is a measure that can help in difficult times, although there are very strict rules imposed by BVB, but this can only be established by the GMS. The repurchase program is being considered, but this decision is not taken at this moment. There is a desire to also buy back shares.

**12. Are you considering any acquisitions of competing companies?**

*Answer:* We have been analysing several targets, from abroad, not from Romania for several years, both in the field of fleet and ports. These are also some privatizations, we cannot influence them, but we are following the activity. We will be present when the bidding processes are published. We also have some private targets, but the pandemic context has stopped us because the movement of specialists to do the technical due diligence has been difficult.

**13. To what extent can you convey the inflationary pressures of fuel to customers in river transport. Do you expect a decrease in margins because of this?**

*Answer:* In principle, our bunkering clauses protect us from the negative fluctuations in fuel prices. This protection is difficult to calculate if it is 100%, there are times when it benefits us and there are times when we are at a disadvantage, with a small margin of error. It will have an impact on cash flow because first we buy diesel, then we consume it, and finally we collect the money for transport. At this moment it is difficult to predict at what rate



the price will increase. For a year, almost 2 years, we have had a self-supply process, so we take fuel directly from suppliers, with Platts prices plus a margin, and we are to some extent protected.

**14. To what extent is Liberty Steel exposed to imports of coal and iron ore from Russia?**

*Answer:* Liberty has a stream of iron ore and coal that comes from Ukraine, but it also has a stream of iron ore that comes from Russia. At this moment, those from Ukraine are stopped, we still receive shipments from Russia, but they come directly to Constanța port. It is a very small percentage of the total raw materials that the plant brings, so they are not very affected. Until the current situation calms down, Liberty will bring these resources from other areas. There are currently enough stocks from Brazil and South Africa to continue operating smoothly. We now transport from Constanța to Galați.

