Transport Trade Services

Questions & Answers

Videoconference for the presentation of the financial results for Q3 2025

December 3rd, 2025

1. Regarding the minerals and chemicals segment, is this solid evolution the result of a favorable context, or can we expect further improvement in the coming quarters?

Answer:

In the minerals and fertilizers segments, there are several projects we have been working on for years, and they are now starting to materialize. The growth is mainly in the minerals area, coming from downstream cargo flows that ensure loading for the barges sailing upstream. For fertilizers, the increase is also driven, I would say, by a more aggressive market approach on our side, both in the past period and now. We are trying to take over cargo flows that were previously transported by other fleets, especially Serbian fleets, since a large share of the fertilizer cargo is destined for Serbia.

At the same time, returning to the projects, there are cargo flows for which we extended the transport routes all the way to Germany, to Kelheim and Regensburg, and we also managed to enter the downstream cargo segment here, especially in the laminates and chemicals areas.

2. Regarding agricultural products, we saw a significant recovery in Q3, and in the previous discussion you mentioned blockages in the agricultural market. I would like to know whether this recovery is the result of the market unblocking and represents a one-off case, or whether the market has genuinely recovered and we can expect normalization starting next year.

Answer:

For grains, although the harvest was good, the period of low water levels caught us at a time when we were already loaded with upstream cargo, and we also faced congestion. Later, the market dropped because Russian and Ukrainian goods entered at dumping prices. Even so, we managed in recent weeks to restart cargo flows here as well. In the minerals segment, the goal was also to secure full-to-full transport. We only sent empty barges on the Lower Danube, and even that to a limited extent. All other cargo moved full-to-full. Barges went upstream with ores and fertilizers and returned with grains.

We have already noted this in the budget comments at the beginning of the year, and I believe we have written it in several reports so far. At least for minerals, but also fertilizers and chemicals, most of the cargo is non-EU in terms of origin or destination. The core market is Serbia. The EU segment in the minerals area is close to zero, and this situation will continue.

3. It is something new about the IFRS 16-related reclassification as I know that certain lease contracts were already recorded as leasing? Has something specific changed recently, or is there a particular reason why you have decided to apply this accounting treatment now?

Answer:

The integration of DECIROM into the TTS Group brought a change in the way these long-term lease contracts are recorded. In the port sector, such contracts have significant value. After DECIROM joined the TTS Group, new performance criteria were agreed for the port-operation contracts, and this is why we waited for a full operational year to see whether these criteria were met. Since they were fulfilled, the reclassification of these contracts became necessary, with all contracts at group level being treated in accordance with IFRS 16 principles.

The land in ports is state-owned and cannot be purchased, and we needed to ensure that the rights granted to us under the lease contracts were validated through the fulfilment of the performance criteria.

4. When can we expect a stabilization of the agricultural product flows?

Answer:

This is the second year in a row with the same market situation. The core problem still originates from the war in Ukraine. In the past, it was almost expected that when Russian goods entered the market, they pushed prices down in the Black Sea region. Now this effect is stronger because both sides in the conflict need cash. In our case, last year's drought almost reduced the corn harvest to the level of domestic consumption, and the sunflower harvest was close to zero. At the same time, the crops harvested in summer had relatively good yields per hectare in 2024. This includes wheat, rapeseed and barley.

The immediate effect was a much smaller area planted with corn last year. The consequence was that this year there were 700 million fewer hectares planted with corn compared to the previous year. This year the wheat harvest performed much better than last year. Wheat production reached a record level both per hectare and overall because a much larger area was planted. Rapeseed had a very good yield and barley as well. So, the crops harvested in summer had high yields both per hectare and overall.

Corn, however, faced the same situation again. The summer drought produced the same effects as last year. This year's corn production is again at the level of domestic consumption, and sunflower production is extremely weak. Under these conditions, it seems that this autumn farmers went a step further. The area that will be planted with corn next year will be reduced even more.

There is an imbalance in grain production that also affects farmers' behavior. Farmers used to follow a clear pattern. They sold the wheat straight from the field, it moved to the Port of Constanța, and most of the production was exported from late June until September, when corn and sunflower exports began. Sunflower production is now almost zero, corn is also at zero, and this has made farmers reluctant to sell their wheat right after harvest. The result is that wheat stocks are currently quite high.

Under these export conditions, with peak volumes flattened out, transport operators can organize themselves and move most of the cargo toward the Port of Constanța. To answer your question, I gave this introduction so you can see the overall picture. It is very difficult to estimate what will happen next year. Hungary had almost no exportable harvest this year. Serbia had some wheat, but the corn contains aflatoxin. This is the third year in a row, if I am not mistaken, that Serbian corn is affected by aflatoxin, and it seems that this year Serbia already wants to buy corn. We do not know where they will buy it from next year. We will see. Sunflower is in the same situation, they are contaminated.

Climate change has caused major disruptions in the quality of harvested products, in the quantities, and in the structure of the crop, both in Romania and in the Danube countries. As long as the war in Ukraine continues, we do not expect any improvement in the situation of grain transport on the Danube. This is how we see things today.

5. You mentioned that you could not fully benefit from the harvest due to difficult navigability conditions. Was part of the agricultural flow shifted to trucks?

Answer:

Besides the 10 days mentioned by Mr. Țecheră, when navigation was completely stopped in the Zimnicea - Giurgiu area, even though the Danube is dredged, rainfall levels were very low during the entire first part of the year. When the fleet in general, not only ours, could not take over the cargo that could have gone to the ports directly from the harvesting areas, more cargo than usual was redirected to trucks. Once trucks entered these cargo flows, they gained advantages, and this further reduced the amount of cargo moving toward the ports. When navigation later improved a bit, after the 10 days of complete shutdown and another shorter period before that, as well as a longer period after, navigation still took place under difficult conditions, with breaking and re-forming convoys and with loading reduced from 1,500 tons per barge to 900 tons or even less. On one hand there was the shutdown, and afterward there was a much longer period than just those 10 days when navigation was restricted. I cannot say the exact number of days now, but we can probably say it was almost a month.

This year had the longest period of reduced navigation conditions, more than 120 days. During these 120 days, instead of loading 1,500 tons per barge, which is the capacity for grain, barges were loaded with 1,200 or 900 tons. This means the same number of barges carried much less cargo. It was another reduction in the tonnage that could be transported.

It is a chain reaction. One situation triggers another, which then triggers another, and overall, it leads to a reduction in the volume of cargo transported on the Danube.

In addition, farmers and grain traders need coherence, consistency and predictability in the transport of goods from the field or from inland silos to the Port of Constanța. Everything is shipped by sea. Today all vessels are large, Panamax size. If the cargo does not arrive on time, demurrage applies, at levels of 15- 20 thousand dollars per day. Everyone wants smooth cargo movement and always chooses the option that is easiest to control.

6. Could fuel supply become a problem in the coming months?

Answer:

We have no negative information in this regard, and this refers to Navrom. Navrom has its own diesel supply system. It imports diesel directly and stores it in its own bunker tanks, under customs control, in customs warehouses, as marked diesel. We have no indication of any risks. In Constanța, the cranes receive regular diesel deliveries by truck from a local supplier.

7. When will the Danube dredging project be completed? How can the volumes processed through port operations be increased?

Answer:

There are several important points in the Danube dredging project. The river is dredged by two entities. The Romanian state authority AFDJ dredges continuously and covers the area from Călărași downstream, as well as a section toward Turnu-Severin. AFDJ has always carried out its work properly. The Bulgarian AFDJ is responsible for the section from Gura Timocului to Călărași or should be responsible for it. In recent years they have dredged with short interruptions. The problem is the size of the area that needs dredging. There is no hydrotechnical system to regulate the water flow. Silt accumulation is constant, and the dredging work cannot keep up in any year.

Projects such as Fairway have been discussed for almost ten years. Under European rules, dredging itself cannot be financed. Only investments in maintenance works can receive funding. Fairway aims to regularize the Danube through targeted hydraulic structures, which have not been implemented for various reasons.

As a flexible alternative, the Danube Commission and DG Move launched this sub-Fairway project. It is an experiment that includes Navrom under the FNJ umbrella. Several barges are loaded with stone, sand and water to adjust their draft as needed. They are placed in different locations on the Danube to measure the water flow and depth. The goal is to see whether this semi-dam model produces effects when water levels are low.

The first barges have already been placed or are being placed in the Romanian section. Others are in Croatia. The goal of Fairway 2 is to create a natural dredging system. Traditional dredging means the dredger comes, removes material, leaves, and the process repeats because silt returns every year. A natural system would reduce the need for constant intervention. By narrowing the river flow in shallow areas, the water speed increases. Higher flow speed is expected to generate natural scouring.

The project has locations in Croatia, Romania and one more country. We are involved in two areas. We are active in Croatia at the Drava mouth and in the Zimnicea area. The project has started. The first barges are in place and adjustments are under way. The depth settings still need fine tuning. We will provide updates as the work progresses.

Regarding the question related to increasing volumes through port operations, there is no exact answer, but the concern is continuous. In our 2023 calls we said that you could not throw a football into the Constanța Port basin without it landing on a barge, a pusher or a maritime vessel. Now the port is empty. From more than sixty continuously operated vessels in 2023, the number has dropped to eighteen, nineteen or sixteen. Many are small, of 3,000 or 5,000 tons, because there are no cargo flows.

Minerals have always been the main base cargo for the metallurgical sector. Large and small vessels came with minerals, coke, bauxite or coal and left with steel pipes or aluminum. These flows have almost disappeared. The metallurgical sector has collapsed. Turkey is gone, Galați is gone. The remaining producers ship small quantities by truck. The only segment still active is aluminum. Finished products such as sheet metal, wire and rebar still arrive from Turkey, South Korea and now even China. But one ton of finished product cannot replace the large volumes of raw materials once transported.

The only steel plant still operating on the Danube is Smederevo in Serbia, and it runs at about half its 2021 capacity. Smederevo does not export finished products through Constanța. It only imports raw materials through us, at roughly half the 2021 level. Their finished goods go to the EU or the former Yugoslav region.

There are some cargo volumes from Serbia going downstream, visible only this year. Fertilizers arrive, but if grain is not exported, farmers have no income to buy fertilizers. Many farmers did not apply fertilizers this year because of lack of rainfall and cost concerns.

Some fertilizers come from Russia. This flow is decreasing because of sanctions and the strict checks required. Hungary is developing its chemical industry. Romania does not have fertilizer production, so it imports what it needs. Imports also come from Austria by barge into Constanța and through other

Danube ports such as Turnu-Severin, Orșova, Oltenița and Brăila. Cargo flows are shifting due to geopolitical and global economic factors.

Low water levels on the Danube, rising taxes in the Port of Constanța and on the Danube - Black Sea Canal have pushed cargo towards Adriatic ports. Cargo for Serbia and Croatia routed through Constanța is moving to the Adriatic. Vukovar was once an attractive port for traffic through Constanța. Now there is almost no cargo for Vukovar through Constanța. Most of it goes through the Adriatic.

We transport cargo to Serbia or handle it on the way there, and this flow also shifted last year and even more this year toward Adriatic ports. Costs are the main reason, including low water levels and higher transport fees. The situation is complex. Constanța has private port operators who invested heavily in their terminals. They cannot recover their investments. The only segment functioning well is the container sector. Bulk cargo packaged goods and metallurgical products all face difficulties.

8. Is there a platform of the Romanian Naval Authority where each port operator's offer is published? How does a transporter know which port operator to work with?

Answer:

Such a platform does not exist. The transport and port operations market is a private and fully liberalized market. Transport companies move cargo, and port operators handle cargo. The transporter has a client, who may be an exporter, a trader or a forwarding company. The transporter loads the cargo in one place and takes it to another. The client decides where the cargo is loaded and where it is discharged. The port operator handles the cargo that arrives at its terminal, whether it comes by vessel or by barge, again on behalf of its own client.

There are very few integrators like us who operate both river transport and port operations and can combine them. Even for us, we do not always choose the port operator. For raw materials there is only one operator that can handle them in Constanța, and we work with that operator. We enjoy working with Comvex because the cooperation is very good. They are the only operator able to handle raw materials in the port. When we transport grain, we go wherever the client instructs us, to the silos where the grain must be delivered.

There is no direct structural link between the port operator and the transporter. In practice, the market is simple. There are only a few dozen operators. There is no need for a platform to match supply and demand. When you look at the Port of Constanța, you remove from the list the operators dealing only with liquid bulk or only with containers. You are left with a small number of potential partners. From the perspective of the cargo owner, not the transporter, you call a few operators, compare the prices and choose the most advantageous one.

The market does not have enough participants to justify a bid–ask type system. The cargo types are also very diverse. Handling rebar is different from handling fertilizers. The operations are not

standardized, and the number of operators is too small for a platform with transparent pricing to make sense.

The market does not have enough actors to justify a bid–ask type system. Moreover, cargo types are very diverse. Handling rebar is one thing, handling fertilizers is another. The cargo is not standardized enough and there are not enough operators for a transparent pricing platform to make sense.

9. Are you considering port operation investments in the Republic of Moldova currently considering that Moldova intends to join the EU and cargo flows will likely increase?

Answer:

No. It is a complex issue, and we do not have anything underway.