

## Transport Trade Services (TTS)

**Hold**

### Interim Update – Q1 Results

**Price Target: 4.11 RON (-5.08%)**

#### Key Points

- **TTS's revenues continued their downward trend, with the company reporting in Q1 a decrease of 33% compared to the same period of the previous year**, from RON 239.4 million to RON 160.5 million, below our estimate of RON 191.3 million.
- **The decline in revenues was once again sharper than our initial estimates, driven by a decrease in total volumes delivered by approximately 30.1%** (from 3.85 million tonnes to 2.69 million tonnes), with the most notable drop recorded in agricultural products, from 1.75 million tonnes to 0.77 million tonnes (-56%).
- **The total volume of goods transported via river decreased by 24.7%, from 1.6 million tonnes to 1.2 million tonnes**, while port operations volume declined by 33.9%, from 2.25 million tonnes to 1.49 million tonnes.
- **The withdrawal of Ukrainian agricultural product flows is the main factor behind the decrease in volumes.** Estimating both the normalised revenues for this year (at group level) and the sustainable long-term volumes remains difficult to interpolate. However, the first quarter results have led us to revise downwards once again our revenue forecast for the full year, from RON 788 million to RON 648.3 million (-17%), along with an approximate 20% reduction in the total transported volumes.
- **The company is also undergoing a normalisation process on the cost side, with cost of goods sold decreasing by 20.6%** in the first quarter to RON 26.8 million, while salary expenses decreased by 18.8% to RON 47 million.
- **Consequently, EBITDA was 76% below the level recorded in the same period of the previous year, reaching only RON 13.3 million**, significantly below our estimate of RON 33.5 million. Overall, in the first quarter, TTS reported a loss of RON 14.8 million, which calls into question our profit estimate of RON 10.5 million, although we expect a proportional decrease on the cost side as well.
- **We expect this year to be a critical one for the company, with transported volumes likely to stabilise in the coming period at approximately 10.3 million tonnes**, while highlighting the high level of uncertainty regarding their final level. We are revising our valuation for the company to a target price of RON 4.11 per share, 5% below the current market price.

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#### Sector: Shipping

#### Shares information

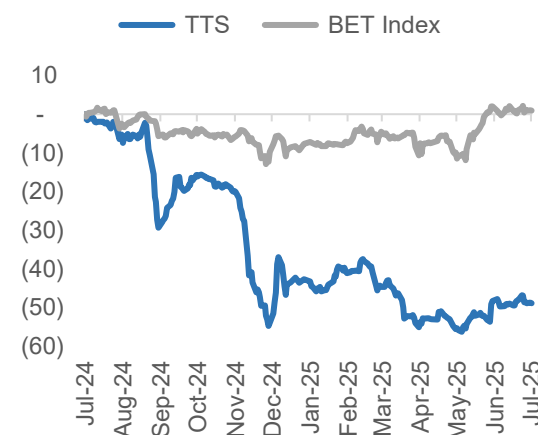
Min/max price, 52 weeks.	3.68 – 8.5
Dividend/share	0.155
Total Shares (mln.)	180
Capitalization (mln. RON)	784
52 weeks liquidity (mln. RON)	228

#### Major Shareholders

	%
Institutional	46.05
Retail	28.64
Mihăilescu Alexandru Mircea	25.30

#### 1-year performance vs BET

	%
TTS	-48.9
BET Index	+0.9



source: Bloomberg

## Q1 2025 Results Overview

In the first quarter of this year, TTS reported a 33% decrease in turnover, from RON 239.4 million to RON 160.5 million, driven by a 30.1% decline in transported cargo volumes, from 3.85 million tonnes to 2.69 million tonnes. Declines were recorded in both the river transport segment (-24.7%) and the port operations segment (-33.9%).

The volume of agricultural products decreased by 56%, from 1.75 million tonnes to 0.77 million tonnes. Compared to the previous year's fourth quarter, volumes were down by only 20.5% (from 0.97 million tonnes).

The volume of mineral products decreased by 13.1%, from 1.35 million tonnes to 1.17 million tonnes. However, compared to the fourth quarter, these volumes registered an increase of 54.2% (from 0.76 million tonnes), with a positive impact coming from the integration of Decirom.

The volume of chemical products recorded a slight increase of 5.3%, from 0.62 million tonnes to 0.65 million tonnes, also up by 27% compared to the fourth quarter of the previous year, again benefiting from the positive influence of Decirom's integration.

At group level, EBITDA decreased by 76.8%, from RON 57.4 million to RON 13.3 million, while the net result was a loss of RON 14.8 million, significantly below our estimate of a RON 3 million profit.

(thousand lei, consolidated)	Q1 2024	Q1 2025	var
<b>Revenue</b>	<b>239.380</b>	<b>160.501</b>	<b>-33,0%</b>
COGS	(33.707)	(26.778)	-20,6%
<b>Gross Profit</b>	<b>205.674</b>	<b>133.722</b>	<b>-35,0%</b>
Salary expenses	(57.938)	(47.021)	-18,8%
General & administrative expenses	(90.345)	(73.410)	-18,7%
<b>EBITDA</b>	<b>57.391</b>	<b>13.291</b>	<b>-76,8%</b>
Depreciation and amortization	(25.772)	(24.736)	-4,0%
Other income / (expenses)	6.906	905	-86,9%
<b>EBIT</b>	<b>38.525</b>	<b>(10.541)</b>	<b>-</b>
Financial income / (expenses), net	(209)	(1.892)	807,0%
Other financial income / (expenses), net	(539)	(73)	-86,5%
<b>Gross Profit</b>	<b>37.777</b>	<b>(12.506)</b>	<b>-</b>
Income tax	(5.645)	(2.352)	-58,3%
<b>Net Profit</b>	<b>32.132</b>	<b>(14.858)</b>	<b>-</b>
Other adjustments	(209)	97	-
<b>Net Result before minority interests</b>	<b>31.923</b>	<b>(14.761)</b>	<b>-</b>
Minority interests	1.808	(1.347)	-
<b>Net Result</b>	<b>30.115</b>	<b>(13.414)</b>	<b>-</b>

source: TTS, own estimates

## DCF Valuation

Going forward, we expect a decrease in volumes transported by TTS in 2025, followed by a modest increase of approximately 2% in subsequent years, in line with the long-term CAGR of goods transported by river and sea. Other assumptions in our model include:

- Weighted Average Cost of Capital (WACC) of 14.1%, calculated using a cost of equity of 15.1% and a cost of debt of 5.4%;
- Market Risk Premium of 8.2%, representing the historical total return of the BET index over the 10-year government bond yield;
- Levered Beta of 0.95, estimated through linear regression against the BET index;
- Terminal Value estimated using the Gordon Growth model, with a terminal growth rate of 4.0%.

(thousand lei, consolidated)	Reported 2022	Reported 2023	Reported 2024	Estimate 2025	Estimate 2026	Estimate 2027	Estimate 2028
DCF Model							
<b>Revenue</b>	<b>934.410</b>	<b>1.161.114</b>	<b>733.795</b>	<b>648.335</b>	<b>687.691</b>	<b>701.060</b>	<b>714.730</b>
% Growth	56,0%	24,3%	-36,8%	7,2%	6,1%	1,9%	1,9%
<b>EBITDA</b>	<b>277.537</b>	<b>423.902</b>	<b>121.089</b>	<b>113.689</b>	<b>127.053</b>	<b>134.244</b>	<b>141.664</b>
EBITDA Margin	29,7%	36,5%	16,5%	17,5%	18,5%	19,1%	19,8%
<b>EBIT</b>	<b>210.396</b>	<b>351.521</b>	<b>36.079</b>	<b>13.226</b>	<b>25.370</b>	<b>36.558</b>	<b>42.826</b>
EBIT Margin	22,5%	30,3%	4,9%	2,0%	3,7%	5,2%	6,0%
<b>EBIT*(1- Tax Rate)</b>	<b>176.733</b>	<b>295.277</b>	<b>30.307</b>	<b>11.110</b>	<b>21.311</b>	<b>30.709</b>	<b>35.973</b>
Depreciation & Amortization (D&A)	72.941	86.087	103.557	106.947	108.560	104.696	105.986
Working Capital Changes (WCC)	-43.033	36.944	-6.447	-6.483	-6.877	-7.011	-7.147
Capital Expenditures (CAPEX)	-120.823	-249.526	-239.140	-77.800	-75.646	-77.117	-64.326
<b>Free Cash Flow to Firm (FCFF)</b>	<b>85.817</b>	<b>168.781</b>	<b>-111.722</b>	<b>33.773</b>	<b>47.348</b>	<b>51.278</b>	<b>70.487</b>
Discount Factor				0,93	0,82	0,72	0,63
<b>Net Present Value of FCFF</b>				<b>31.554</b>	<b>38.768</b>	<b>36.797</b>	<b>44.328</b>
Present Value of FCFF	151.447						
PV Terminal Value	664.393						
Terminal Growth Rate	4%						
<b>Enterprise Value (Firm Value)</b>	<b>815.839</b>						
Net Debt	-57.511						
Minority Interests	133.557						
<b>Equity Value (Shareholders' Equity)</b>	<b>739.793</b>						
Number of Shares	180.000						
<b>Price per Share</b>	<b>4,11</b>						
Market Price	4,33						
<b>Upside/Downside</b>	<b>-5,1%</b>						

source: TTS, own estimates

## Financial Statements

(thousand lei, consolidated)	Reported 2023	Reported 2024	Estimate 2025	Estimate 2026	Estimate 2027	Estimate 2028
<b>Revenue</b>	<b>1.161.114</b>	<b>733.795</b>	<b>648.335</b>	<b>687.691</b>	<b>701.060</b>	<b>714.730</b>
COGS	-144.403	-115.845	-90.767	-96.277	-91.138	-85.768
<b>Gross Profit</b>	<b>1.016.711</b>	<b>617.950</b>	<b>557.568</b>	<b>591.414</b>	<b>609.922</b>	<b>628.962</b>
Salary expenses	-214.459	-204.348	-210.478	-216.793	-223.296	-229.995
General & administrative expenses	-378.351	-292.514	-233.401	-247.569	-252.382	-257.303
<b>EBITDA</b>	<b>423.902</b>	<b>121.089</b>	<b>113.689</b>	<b>127.053</b>	<b>134.244</b>	<b>141.664</b>
Depreciation and amortization	-86.087	-103.557	-106.947	-108.560	-104.696	-105.986
Other income / (expenses)	13.706	18.548	6.483	6.877	7.011	7.147
<b>EBIT</b>	<b>351.521</b>	<b>36.079</b>	<b>13.226</b>	<b>25.370</b>	<b>36.558</b>	<b>42.826</b>
Financial income / (expenses), net	435	-446	-973	-1.032	-1.052	-1.072
Other financial income / (expenses), net	1.575	-292	353	374	381	389
<b>Gross Profit</b>	<b>353.530</b>	<b>35.342</b>	<b>12.606</b>	<b>24.712</b>	<b>35.888</b>	<b>42.142</b>
Income tax	-48.058	-14.047	-2.017	-3.954	-5.742	-6.743
<b>Net Profit</b>	<b>305.472</b>	<b>21.295</b>	<b>10.589</b>	<b>20.758</b>	<b>30.146</b>	<b>35.400</b>
Other adjustments	-857	19.421	0	0	0	0
<b>Net Result before minority interests</b>	<b>304.615</b>	<b>40.716</b>	<b>10.589</b>	<b>20.758</b>	<b>30.146</b>	<b>35.400</b>
Minority interests	21.930	2.213	847	1.661	2.412	2.832
<b>Net Result</b>	<b>282.685</b>	<b>38.503</b>	<b>9.742</b>	<b>19.098</b>	<b>27.734</b>	<b>32.568</b>

(thousand lei, consolidated)	Reported 2023	Reported 2024	Estimate 2025	Estimate 2026	Estimate 2027	Estimate 2028
Tangible Assets	922.353	987.634	891.223	919.999	902.555	929.702
Intangible Assets	33.634	33.525	32.715	33.051	33.875	34.894
Other Fixed Assets	13.780	14.253	13.434	14.052	14.402	14.836
<b>Total Fixed Assets</b>	<b>969.766</b>	<b>1.035.412</b>	<b>937.372</b>	<b>967.102</b>	<b>950.832</b>	<b>979.431</b>
Inventories	34.665	25.644	29.615	25.282	25.912	26.691
Receivables	65.557	61.639	91.106	91.909	94.199	97.032
Other Current Assets	39.788	24.100	30.466	23.760	24.352	25.084
Cash and Cash Equivalents	229.626	129.245	158.463	149.967	194.070	199.907
<b>Total Current Assets</b>	<b>369.636</b>	<b>240.629</b>	<b>309.650</b>	<b>290.918</b>	<b>338.532</b>	<b>348.715</b>
<b>Total Assets</b>	<b>1.339.402</b>	<b>1.276.041</b>	<b>1.247.022</b>	<b>1.258.021</b>	<b>1.289.364</b>	<b>1.328.146</b>
Retained Earnings	595.038	368.309	548.777	559.953	576.183	595.242
Other Reserves	359.499	553.208	324.290	328.816	334.730	343.070
Shareholders' Equity	954.537	921.517	873.067	888.769	910.913	938.311
Minority Interests	132.420	133.557	149.082	151.405	155.178	159.845
<b>Total Equity</b>	<b>1.086.958</b>	<b>1.055.074</b>	<b>1.022.149</b>	<b>1.040.175</b>	<b>1.066.091</b>	<b>1.098.156</b>
Long-Term Financial Liabilities	75.799	54.711	64.243	53.939	55.282	56.945
Other Long-Term Liabilities	41.361	42.305	36.816	41.708	42.747	44.033
Trade and Other Payables	46.115	41.892	41.440	41.300	42.329	43.603
Short-Term Financial Liabilities	36.450	56.476	36.710	55.678	57.065	58.782
Other Short-Term Liabilities	52.719	25.582	45.665	25.221	25.849	26.627
<b>Total Liabilities</b>	<b>252.444</b>	<b>220.967</b>	<b>224.873</b>	<b>217.846</b>	<b>223.274</b>	<b>229.989</b>

source: TTS, own estimates

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<b>Hold:</b>	Share price may fall within the range of +/- 15% over the next 12 months
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Company	Symbol	Explanatory note No.
Transport Trade Services	TTS	10, 11

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