COMPANY UPDATE

Transport Trade Services SA

Hold

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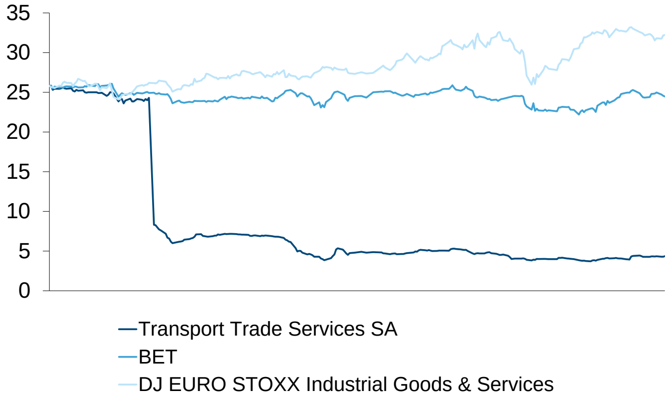
Share price (RON) close as of 25/06/2025	4.36	Reuters	TTS.BX	Free float		67.7%
Number of shares (mn)	180.0	Bloomberg	TTS RO	Shareholders	Government	(0.0%)
Market capitalization (RON mn / EUR mn)	785 / 155	Div. Ex-date	23/05/25			
Enterprise value (RON mn / EUR mn)	827 / 164	**Target price**	**4.46**	Homepage:	https://www.tts-group.ro	

Key figures Overview

RON mn	2024	2025e	2026e	2027e
Net sales	733.8	625.1	667.0	711.9
EBITDA	139.6	78.1	146.7	170.9
EBIT	36.1	-24.5	39.5	58.8
EBT	35.3	-32.4	25.3	37.3
Net profit	21.3	-27.2	21.2	31.3
EPS (RON)	0.35	-0.45	0.35	0.52
CEPS (RON)	1.08	1.29	1.48	1.67
BVPS (RON)	5.86	5.67	5.78	5.94
Dividend/Share (RON)	0.47	0.00	0.07	0.10
EV/EBITDA (x)	7.00	10.59	5.18	3.99
P/E (x)	13.50	nm	12.31	8.36
P/CE (x)	4.43	3.38	2.94	2.62
Dividend yield (%)	9.71	0.00	1.62	2.39
EBITDA margin (%)	19.03	12.50	22.00	24.00
Operating margin (%)	4.92	-3.92	5.92	8.26
Net profit margin (%)	2.90	-4.35	3.19	4.40

Trading data & Statistics

Daily averages	5 days	30 days	last year
Volume	39,809	97,261	143,748
Trading value (RON mn)	0.2	0.4	0.9



Price performance:	1M	3M	6M	12M
in EUR	7.1%	0.9%	-10.7%	-83.4%

Financial Strength

	2024	2025e	2026e	2027e
ROE (%)	2.27	-3.00	2.35	3.38
ROCE (%)	2.08	-1.96	3.31	5.18
Equity ratio (%)	82.68	80.02	79.29	78.69
Net debt (RON mn)	-18.75	-82.82	-152.66	-233.67
Gearing (%)	-1.78	-8.11	-14.67	-21.86

At a bottom, probably

We maintain a Hold recommendation but alter our target price to RON4.46/share due to adjustments to volume and tariff outlook for the year, on YTD performance. Agri demand erosion continued in port ops, but vs 4Q24, volumes show generally positive trends. Tariffs also show some q-o-q resilience.

Profitability worsened, since – despite commendable management efforts – some costs are sticky, but these semi-variable costs are the price of keeping assets at readiness allowing TTS to capture market share from struggling smaller players., while flexible CAPEX concentrates on essential projects only.

Going forward, sheer size, strength of balance sheet, prudent financial management should insure overcoming the current environment and transition to a normalized market. We do not forecast volume growth, beyond what has already materialized, tariff evolution outlook does not surpass inflation.

We anticipate recovery on conservative assumptions with ample scope for growth, mainly by claiming market share from weaker competitors. If natural developments, such as a normalized agricultural cycle or even a mild revival of metal production were to materialize, upside could be substantial. Our current valuation should at least provide a floor for TTS worth, under conditions that consider for now only a very meagre evolution scenario.

Market distortions still impact profitability

Decline continues, as expected... The first quarter figures published by TTS show a significant decline in top and bottom line and shrinking margins both y-o-y and q-o-q on the back of the major changes in operating environment brought by the aftermath of the developments related to the war in the Ukraine, which still have serious repercussions in terms of excessive capacity supply on the market.

… in a difficult environment. With a surge in unutilized transport capacity, and many smaller operators struggling, the company has seen a stabilization of freight and of port operated volumes compared to the previous quarter, albeit at a severe drop to the previous year. Tariffs overall have also improved vs 4Q24, however with discrepancies across segments as seen below. The combination, together with sticky prices mostly in subcontractors' fees and wages (led by regulatory and operational safety issues), led to a continued deterioration in profitability.

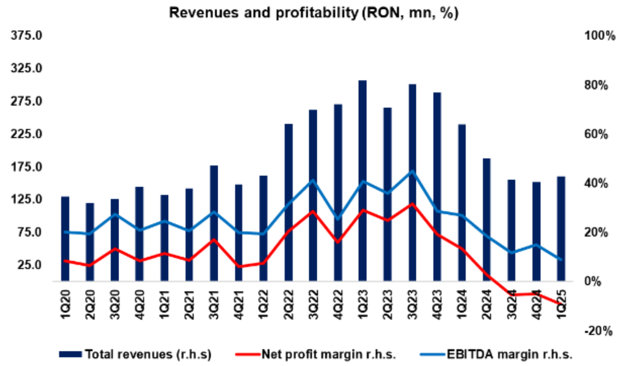
Facing such a difficult environment, the company has adapted with the same speed as it has during the bountiful 2023. It has addressed expenses, mainly personnel and subcontractors related. It has reviewed capex and constrained it to necessary and ongoing projects. Going forward, in a prudent approach, in the current environment where smaller players are in danger to disappear, the company should be able to benefit from its size and diversification, the strength of its balance sheet and the quality of the management team.

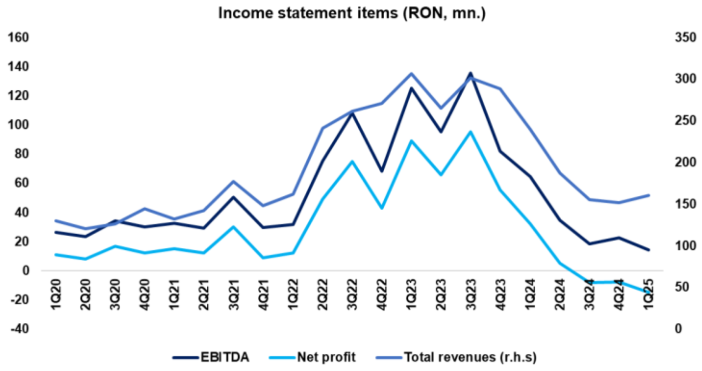
Lower financials y-o-y… Revenues declined by 33% y-o-y to RON 160.5m vs RON394mn during 1Q24, with operating profit dropping into negative territory at -RON 10.5mn compared to a RON 38.5mn profit in 1Q24. Net result also turned negative, with a loss of RON 14.9mn vs. a RON 32.1mn net profit a year earlier.

(mn. RON)	1Q25	1Q24	*chng.*	4Q24	*chng.*	1Q23	*chng.*	1Q22	*chng.*	1Q21	*chng.*	1Q20	*chng.*
Total revenues	**160.5**	**239.4**	***-33.0%***	**151.8**	***5.7%***	**306.5**	***-47.6%***	**161.7**	***-0.7%***	**132**	***21.6%***	**129.8**	***23.7%***
Materials	-19.7	-26.7	*-26.2%*	-19	*3.7%*	-31.2	*-36.9%*	-27.2	*-27.6%*	-16.1	*22.4%*	-21.6	*-8.8%*
COGS	-7	-7	*0.0%*	-6.8	*2.9%*	-8.6	*-18.6%*	-9.1	*-23.1%*	-8.9	*-21.3%*	-5.7	*22.8%*
Depreciation	-24.7	-25.8	*-4.3%*	-26.5	*-6.8%*	-21	*17.6%*	-15.9	*55.3%*	-13.7	*80.3%*	-12.1	*104.1%*
Subcontr.	-63.5	-76.2	*-16.7%*	-60.7	*4.6%*	-96.4	*-34.1%*	-62.2	*2.1%*	-44.7	*42.1%*	-45.8	*38.6%*
Wages	-47	-57.9	*-18.8%*	-43.3	*8.5%*	-40.3	*16.6%*	-26.2	*79.4%*	-24	*95.8%*	-23.2	*102.6%*
Other exp.	-10	-14.1	*-29.1%*	-11.8	*-15.3%*	-10.4	*-3.8%*	-12.1	*-17.4%*	-9.3	*7.5%*	-10.9	*-8.3%*
Gains/losses	0.91	6.8	*-86.6%*	12.5	*-92.7%*	5.4	*-83.1%*	6.6	*-86.2%*	3.5	*-74.0%*	3.6	*-74.7%*
Operating expenses	**-170.99**	**-200.9**	***-14.9%***	**-155.6**	***9.9%***	**-202.5**	***-15.6%***	**-146.1**	***17.0%***	**-113.2**	***51.1%***	**-115.7**	***47.8%***
Operating profit	**-10.49**	**38.5**	***-127.2%***	**-3.8**	***176.1%***	**104**	***-110.1%***	**15.6**	***-167.2%***	**18.8**	***-155.8%***	**14.1**	***-174.4%***
Fin. Rev.	0.5	0.7	*-30.6%*	1.0	*-51.3%*	0.9	*-43.6%*	-0.3	*-269%*	-0.2	*-354%*	-0.8	*-164%*
Fin. Costs	-2.5	-1.5	*66.7%*	-1.88	*33.0%*	0.2	*-1350.0%*	-0.7	*257.1%*	-0.5	*400.0%*	-0.1	*2400.0%*
Net fin.	**(2.0)**	**(0.77)**	***159.4%***	**-0.8**	***138.3%***	**1.10**	***-281.1%***	**-1**	***99.2%***	**-0.7**	***184.6%***	**-0.9**	***121.3%***
PBT	**-12.5**	**37.7**	***-133.1%***	**-4.6**	***169.2%***	**105.1**	***-111.9%***	**14.6**	***-185.5%***	**18.1**	***-169.0%***	**13.2**	***-194.6%***
Tax	-2.35	-5.6	*-58.0%*	-3.1	*-24.2%*	-16	*-85.3%*	-2.4	*-2.1%*	-3.1	*-24.2%*	-2.2	*6.8%*
Net Income	**-14.832**	**32.132**	***-146.2%***	**-7.736**	***91.7%***	**89.1**	***-116.6%***	**12.2**	***-221.6%***	**15**	***-198.9%***	**11**	***-234.8%***
Net margin	*-9.2%*	*13.4%*		*-5.1%*		*29.1%*		*7.5%*		*11.4%*		*8.5%*	
EBITDA	**14.21**	**64.3**	***-77.9%***	**22.7**	***-37.4%***	**125**	***-88.6%***	**31.5**	***-54.9%***	**32.5**	***-56.3%***	**26.2**	***-45.8%***
EBITDA margin	*8.9%*	*26.9%*		*15.0%*		*40.8%*		*19.5%*		*24.6%*		*20.2%*	

Source: Company data, Erste Group Research

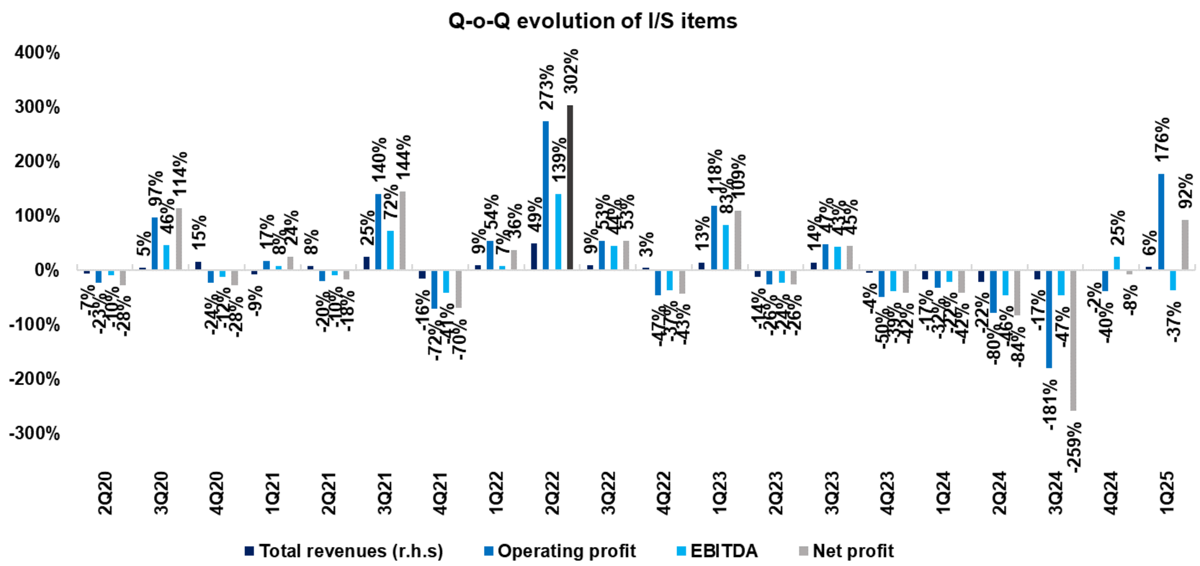
… and on a quarterly basis. Vs the previous quarter, the company posted a 6% top line advance, however, with operating expenses increasing by 10%, the operating loss advanced compared to the loss of RON3.8mn of the previous quarter. EBITDA dropped by 37%, while the bottom line loss doubled.





Source: Company data, Erste Group Research

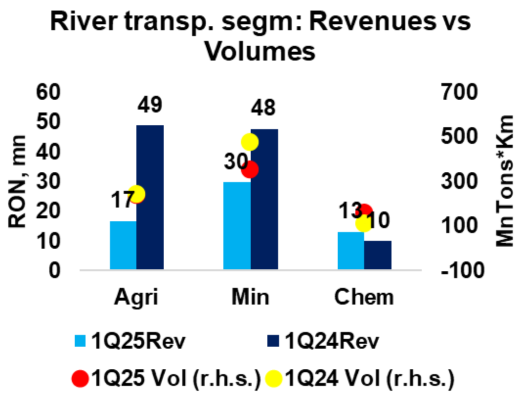
… and still worse compared to "before the war" results. Nevertheless, more importantly, considering the "normalization" of the demand factor, it may be useful to compare 1Q25 results to the periods before the onset of the war in the Ukraine and the subsequent distortions to the logistic chains impacting both river transport and port operations in Constanta. Thus, when comparing to 1Q21 and 1Q20, the top line shows an improvement in the low 20s range. At the same, time, costs increased around 50%, and the operational loss compares to positive operating revenues in the first quarter of 2020 and 2021. Thus, EBITDA in 1Q25 is 46% lower than that of 1Q20 and 56% lower than that of 1Q21.

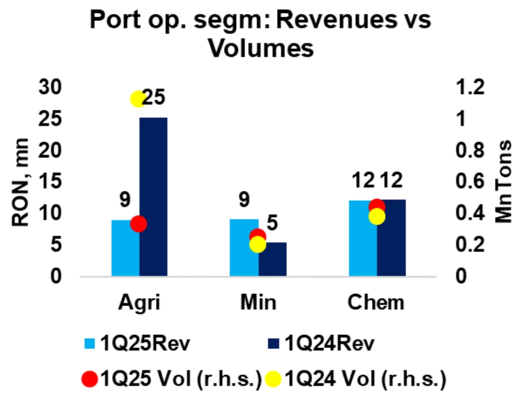


Source: Company data, Erste Group Research

Operations: volume evolution

Y-o-y performance: overall decline in volumes During the first three months of the year, the main driver for the y-o-y changes in top line and profitability was the variation of flow of agricultural products, mainly on the port operations segment, but also important variations in the other segments. Overall, volumes have declined by about 9% in the river transport segment (measured in blnT*km). With the agricultural volumes largely in line, the decline was caused by the large drop in mineral volumes, 26% in relative terms, and 0.122blnT*km lower. Chemical volumes increased by about 46%, from a smaller base and contributed only about 50mlnTT8km.



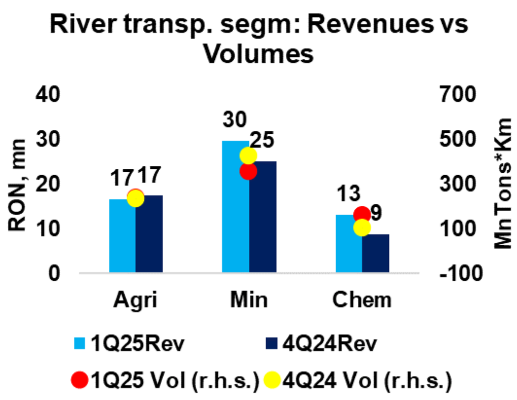


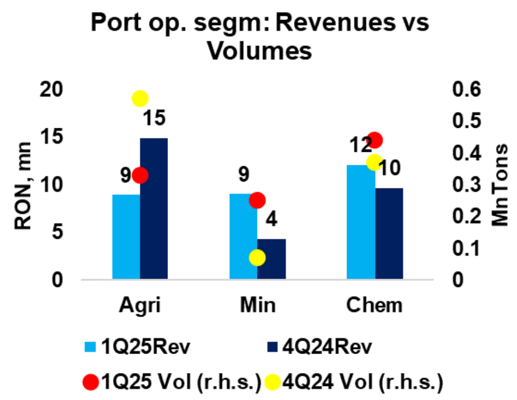
Source: Company data, Erste Group Research

On the port operations segment, the decline in volumes was even more significant, with an overall 40% y-o-y retreat. The 71%, or 0.79mnT decline in agricultural products was hardly compensated by quite hefty increases in minerals (+25%, 0.05mnT) and chemicals (+16% 0.06mnT), since on absolute terms the numbers show an overall 0.68mnT decline. These river transport and port operations are figures representing only the volumes operated inhouse, without taking into consideration what the forwarding segment contracted with third parties.

Better q-o-q performance When comparing to the previous quarter, the overall volumes are largely flat, however this is the result of a mixed performance across segments. In river transport, overall freight declined by about 1%, i.e. 75mnT*km. Agricultural products freight actually increased q-o-q by 3.4%, i.e. 8mnT*km, while the minerals dropped by 17%, i.e. 70mlnT*km, partially balanced by the 53% i.e. 55mnT*km growth in chemical products freight.

On the port operations segment the trend was rather similar, with an 1% overall increase in volumes, but with a different dynamic across segments. The decline in agricultural products' volumes reached 42%, i.e. 0.24mnT, while in the other products the company experienced higher demand: 19% higher in chemical products i.e. and more than tripling of volumes of minerals, from 70KT to 250kt.

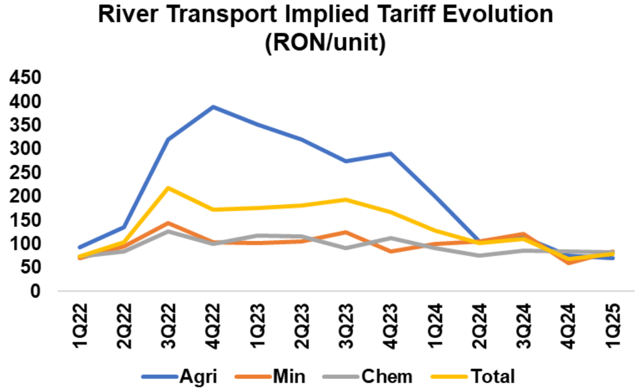


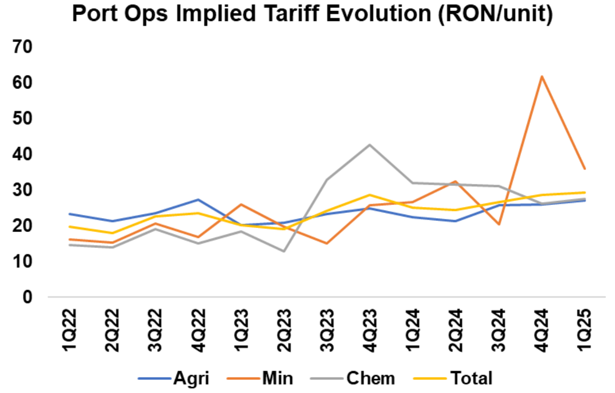


Source: Company data, Erste Group Research

Operations: tariff evolution

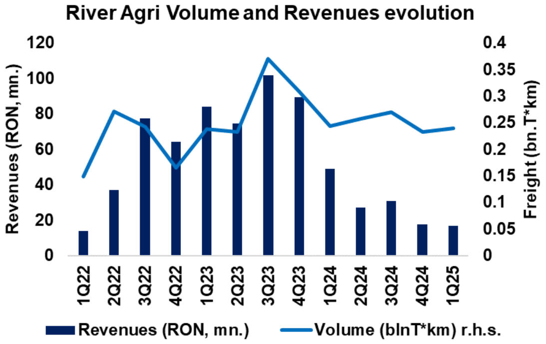
Following the trend During the first three months of 2025 on river transports, the agricultural product revenues declined y-o-y by almost 66%, on a freight decrease of about 1.2% leading to our calculated average tariff decline by about 66%. This is an average value and does not reflect specific tariffs for the actual services offered by the company, however an easy and relevant metric to use in analyzing pricing trends for various segments. In the minerals segment, over the same period, revenues dropped by more than 37%, implying a tariff decline of about 16%. In the chemicals sector, the tariff decline was about 9%, leading to revenues about 33% higher, due to the large increase in volumes, of about 46%.

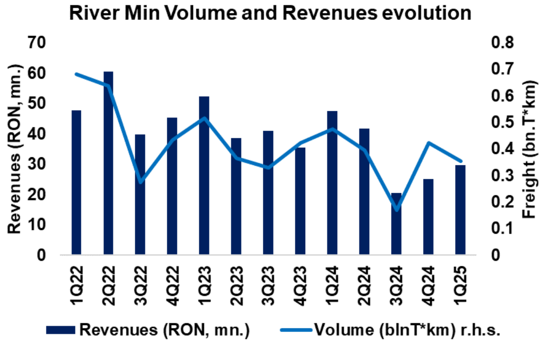


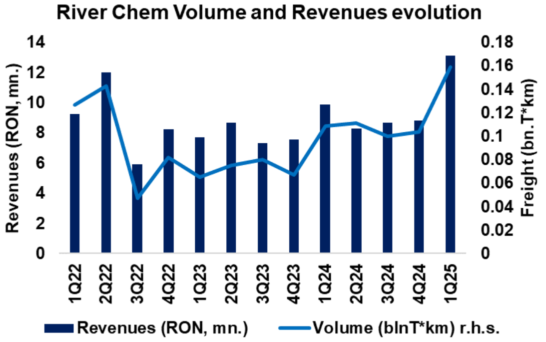


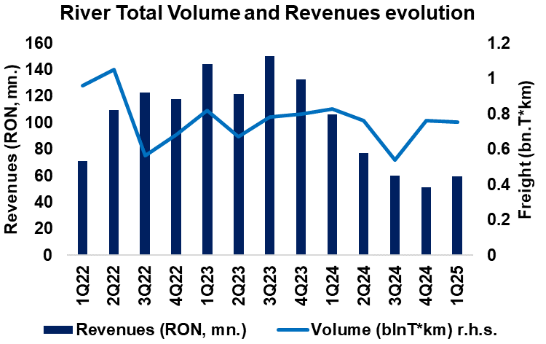
Source: Company data, Erste Group Research

In the port operations business, the y-o-y decrease in agricultural revenues, of about 65% came on the back of an 20% growth in tariffs and 71% lower volumes. In the minerals segment, the revenues jumped almost 70%, on a 25% growth in volumes and a 35% increase in tariffs. In the chemical segment, the picture was rather different, with flat revenues, brought about a 16% jump in volumes on a 14% drop in tariffs.



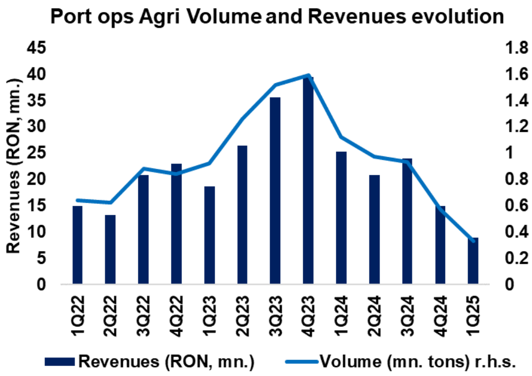


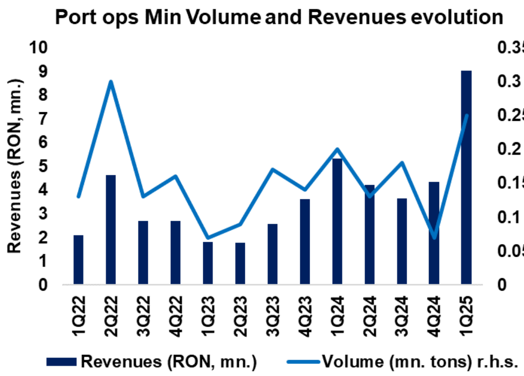


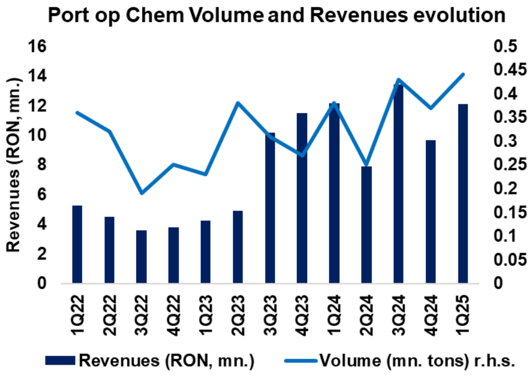


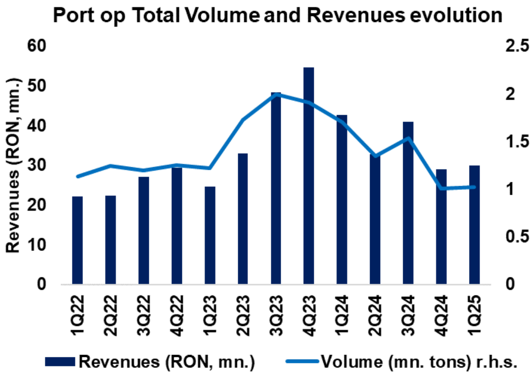
Source: Company data, Erste Group Research

On a quarterly basis, the trend shows a dramatic slight increase in agricultural products' river transport volumes, by about 3%, and a 8% implied tariff decline leading to a 4% drop in revenues. On the minerals segment, tariffs jumped q-o-q significantly, by about 42%, leading to an 18% growth in revenues when combined with the 17% decline in volumes.





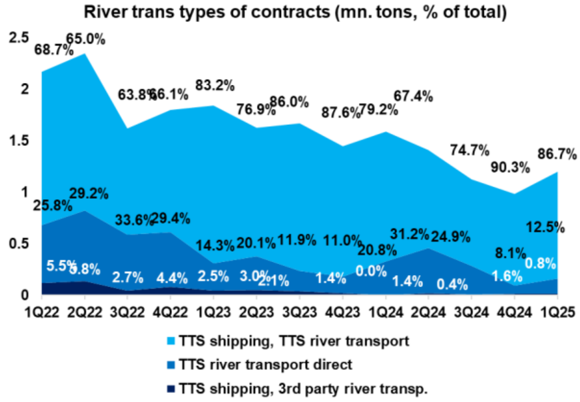


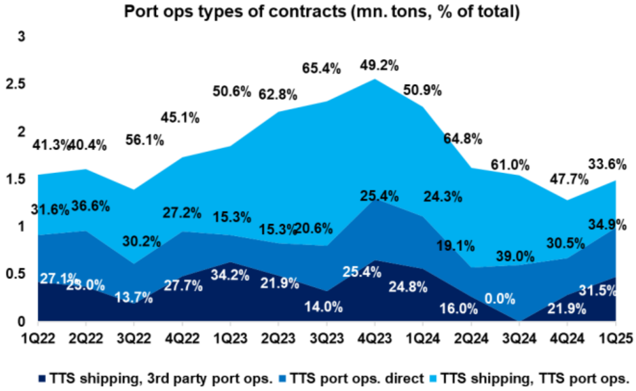


Source: Company data, Erste Group Research

In terms of port operations, q-o-q, the agricultural volumes decline, of 42%, is partially balanced by a 4% increase in tariffs, leading to a drop of 40% in revenues. In minerals, the hike in revenues was partially balanced by 42% lower tariffs, that led to an overall doubling of revenues, while in chemicals, the 19% higher revenues were compounded by 5% higher tariffs leading to a jump in revenues of 25%.

On average, on a quarterly basis, the group as a whole saw during 1Q25 an overall q-o-q hike in revenues from river transport (16%) on the back of marginally lower (-0.9%) volumes, but higher (17%) tariffs. In the port operations, overall, the picture shows a 3.9% q-o-q increase in revenues, backed by a 1% increase in volumes and a 2.9% retreat in average tariffs.





Source: Company data, Erste Group Research

Contract type evolution. The 1Q25 structure of contracts also shifted marginally with a higher proportion of direct contracts being performed by river transport segment compared to the previous quarter. It jumped from 8% during the fourth quarter of 2024 to about 13% in 1Q25, a level which is still lower than historical, pre-war data. At the same time, river transport contracted by TTS shipping with third parties remained insignificant, all of the river transport business being deployed in-house. In terms of the port operations business, the share of contracts with third parties increase to 32%, a level congruent with the highest quarterly levels of the previous years.

Cost evolution – declining less than revenues

Overall, during 1Q25, total operating costs decreased y-o-y by 15% on a 33% decline in revenues. On a yearly basis, the largest decrease in costs wain absolute terms was that with subcontractors, by RON13mn (-17%), followed by wages that declined by RON11mn (19%). Other expenses declined by 29%, but from a smaller basis (RON4.1mn).. Vs the previous quarter, total operating expenses increased by 10%, compared to the 6% increase in revenues. The main cost items continue to be wages and subcontractors' expenses which grew by 8.5% and 4.6% respectively.

Percentage of rev	1Q25	1Q24	4Q24	1Q23	2024	2023	2022	2021
Materials	12.3%	11.2%	12.5%	10.2%	12.0%	9.3%	13.2%	13.3%
COGS	4.4%	2.9%	4.5%	2.8%	3.8%	3.1%	3.5%	7.3%
Depreciation	15.4%	10.8%	17.5%	6.9%	14.1%	7.4%	7.8%	10.3%
Subcontr.	39.6%	31.8%	40.0%	31.5%	32.9%	28.4%	35.4%	34.9%
Wages	29.3%	24.2%	28.5%	13.1%	27.8%	18.4%	13.3%	16.4%
Other exp.	6.2%	5.9%	7.8%	3.4%	6.9%	3.9%	4.8%	7.0%
Gains/losses	-0.6%	-2.8%	-8.2%	-1.8%	-2.5%	-0.8%	-0.6%	-2.6%

Source: Company data, Erste Group Research

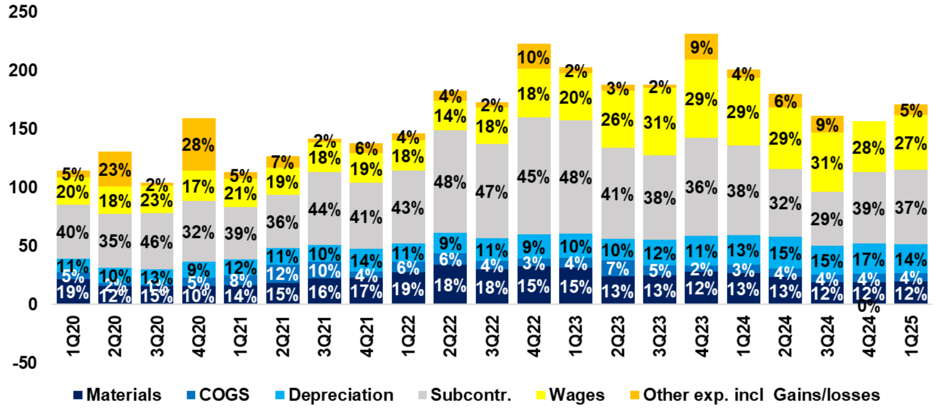
Percentage of total cost diff	1Q25/1Q24	1Q25/4Q24
Materials	*23.4%*	*4.5%*
COGS	*0.0%*	*1.3%*
Depreciation	*3.7%*	*-11.7%*
Subcontr.	*42.5%*	*18.2%*
Wages	*36.4%*	*24.0%*
Other exp.	*13.7%*	*-11.7%*
Gains/losses	*-19.7%*	*75.3%*
Operating expenses	***100.0%***	***100.0%***

Source: Company data, Erste Group Research

As a result of the drop in revenues, the share of revenues represented by each cost item increased y-o-y across the board, for most of them by a substantial amount, on all cost items including wages costs, even if in absolute terms these costs declined y-o-y. As a percentage of revenues, during 1Q25, the subcontractors' expenses remained elevated, at about

40% of revenues, a comparable figure to that of the previous quarter, but higher than in 1Q24. The company retained a minimum of personnel on certain assets, however – even if un or under-utilized, these assets need a minimum of personnel as per regulations and safety issues.

TTS Group cost structure evolution (RON, mn.)



Source: Company data, Erste Group Research

Balance sheet: net debt inching up, but still iron-clad solid

Despite the negative performance of the last few quarters in terms of revenues and profitability the company continued to post an exceptionally strong balance sheet. The net debt stayed very low, compared to EBITDA, even if it became marginally positive, with a decline in cash and equivalents while total debt remained largely unchanged. The company's cash coffer remains solid, also considering that CAPEX has been curtailed to a minimum for the current period, while demand remains uncertain.

(RON, mn.)	2018	2019	2020	2021	2022	2023	2024	1Q25*
Cash & equivalents	38.9	62.4	55.2	58.9	146.0	229.6	129.2	95.1
ST Debt	54.1	62.9	50.8	41.3	26.8	36.1	56.1	60.1
LT Debt	64.2	46.1	23.1	26.8	40.9	74.7	54.0	48.9
Net Debt	79.4	46.6	18.7	9.2	-78.3	-118.9	-19.2	13.9
Net Debt to EBITDA	**1.10**	**0.38**	**0.16**	**0.07**	**-0.28**	**-0.27**	**-0.14**	**0.10**

** - 2024 EBITDA*

Source: Company data, Erste Group Research

Corporate action: paying dividends, re-calibrating investment program

TTS has announced during the quarter a dividend payment of RON29.7mn, which amounts to about 45% of the stand-alone TTS net income for 2024. On a consolidated level, the amount represents about 131% of group net profit. In terms of investments, the company had budgeted at the beginning of the year an amount of RON151mn in CAPEX, out of which RON41mn in maintenance and RON109mn in development, however those plans have been revised. During the 1Q25 analyst call, the company announced that it has curtailed all but the investments that were in different phases of completion and has ceased any major investments for the time-being other than strictly necessary.

Looking forward: building on the current low base

Flexibility and opportunistic development. With the demand for river transport and port operations in flux, the company is tackling current challenges in the quest of remaining unscathed and laying the foundation for future development.

After a difficult year… TTS ended the previous year with a significant decline in profitability and operational volumes across all segments, driven by exceptional external shocks: the war in Ukraine disrupted grain flows, depressed tariffs, and rerouted key non-agricultural cargo through Odesa; decarbonization policies and energy price volatility undermined European industrial activity, especially in metallurgy; and severe drought in the Danube Basin further weakened grain exports. As a result, 2024 grain tariffs averaged 60% below 2023, and volumes dropped sharply, with general structural imbalances in fleet positioning and port operations increasing inefficiencies and costs.

… and still limited scope of action in an unpredictable environment. TTS management has proven itself in challenging environments, however – due to the current nature of the business – it is bound more to devise coping strategies for the short and medium-term, rather than long-term development strategies. The CAPEX budget for the year, (see below) has accounted for ambitious development plans, however current conditions warrant prudence rather than risk-taking.

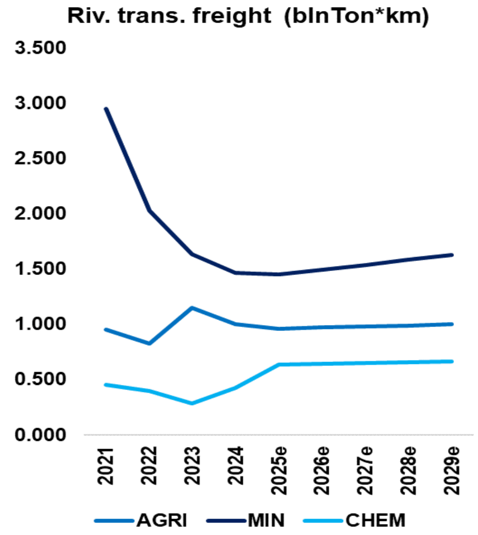
Current overall river fleet is not sustainable, smaller players to suffer more. With a large growth in transportation assets fueled by the influx of Ukrainian grain, the overall river fleet on the Danube has grown to a size that is not sustainable by normal demand patterns. This resulted in a service buyers' market, where many small players would chase business by undercutting tariffs.

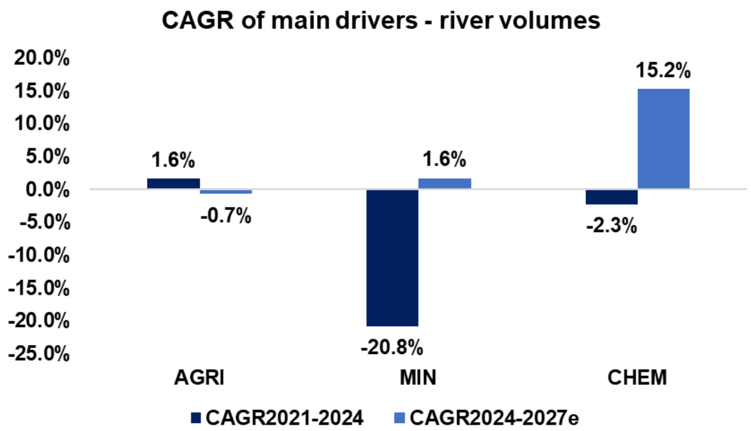
However, the persistence of low demand has started to hurt smaller players and assets have begun to be decommissioned and dismantled. In the case of TTS, the strong financial position of the company allows it to maintain the fleet, even if spending less for certification and keeping maintenance to a minimum. This would allow a relatively rapid upgrade in company transportation capacity once demand resumes. At the same time, personnel expenses reduction is limited by the necessary staff mandated for safety purposes.

Difficult forecasts. As we describe above, the evolution of business is relatively difficult to predict, as it is influenced by a number of extraneous circumstances. Thus, we have preferred to employ assumptions that are reasonably conservative when looking at historical data and to the current levels of 2025, and more than sustainable looking forward, as a consequence showing that even a restrained scenario still values the company at or above current levels. Thus, we did forecast taking as a basis the 1Q25 levels, and apply no or minimum growth for our forecast horizon.

In river transportation - we assume agricultural products freight numbers would drop by about 4% compared to last year to a level of 0.962bnTkm, a level congruent with that of before the war, and volumes inching up afterwards, mostly on gaining market share from competitors.

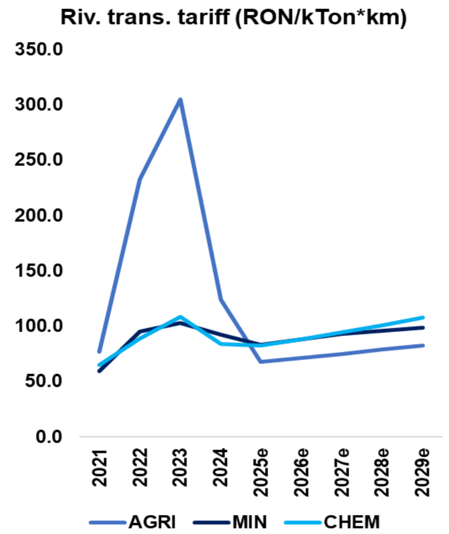
This segment should benefit from a good harvest year – with 2025 appearing to be a record year - when farmers would sell stored harvests in order to make space for the new ones. Moreover, if regional farmers may see increased prices for products and be compelled to sell stored grain, increasing demand for river transport. In terms of tariffs for grain river transport we forecast a drastic drop of 45% compared to last year, and subsequent growth slightly below inflation.

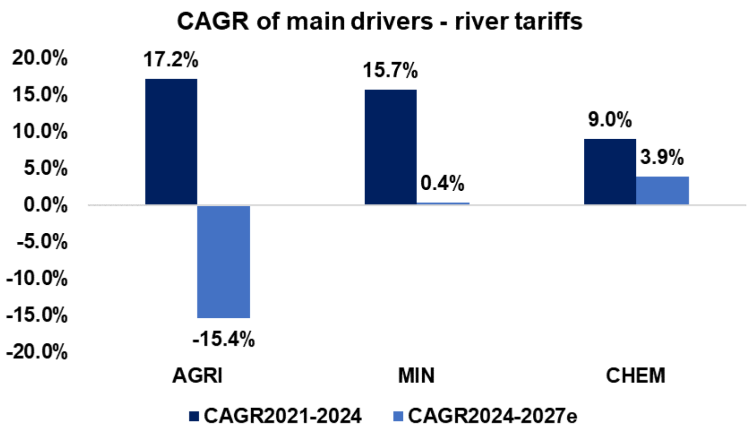




Source: Company data, Erste Group Research

- In the minerals segment, we assume for a marginal drop compared to previous year to 1.45bnT*km, noticing a slight pickup in demand on the back of resumption of work in the Liberty Galati metallurgical combine. Going forward, we forecast a minor, growth in volumes (freight), which is clearly conservative if the current local and regional plans for increasing defense and infrastructure spending are to be fulfilled. In terms of tariffs, we apply current tariffs for the year, with a growth marginally higher than inflation for 2026-2027 and then at half projected inflation.

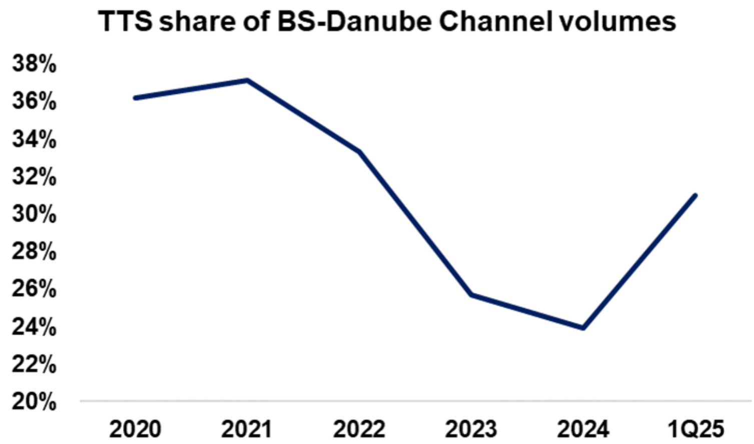




Source: Company data, Erste Group Research

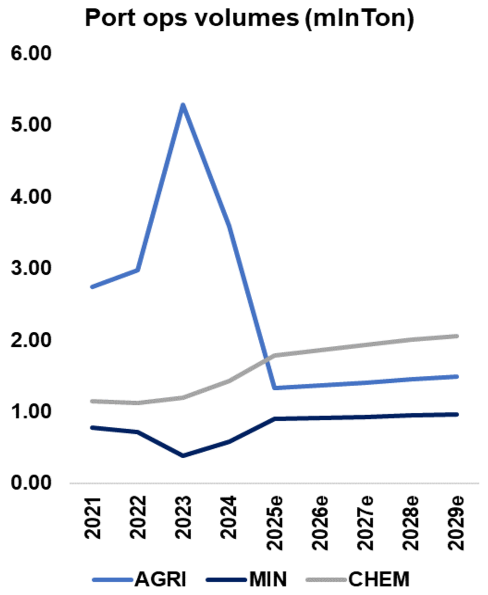
- In the chemicals segment, based on leveraging the capacities of the port terminal, the river transport has seen a major increase in volumes (freight). This proves the value of investments destined to integrate better river and port capacity. Going forward, after the projected 50% growth of this year, to 0.64bnT*km – congruent with first quarter results, we are forecasting almost flat volumes. In terms of tariffs, we are only applying 1Q25 tariffs for the year and forecast a growth largely in line with inflation.

Recent indications of growing TTS market share. Our volumes' forecast seems overly conservative when considering the recent indications of TTS gaining market share in the river transport segment. Following an erosion of market share, brought about by the drastic increase in fleets, the first quarter of the current year has shown a significant advance – as seen below in the illustration of TTS market share of traffic in the Danube-Black Sea channel.

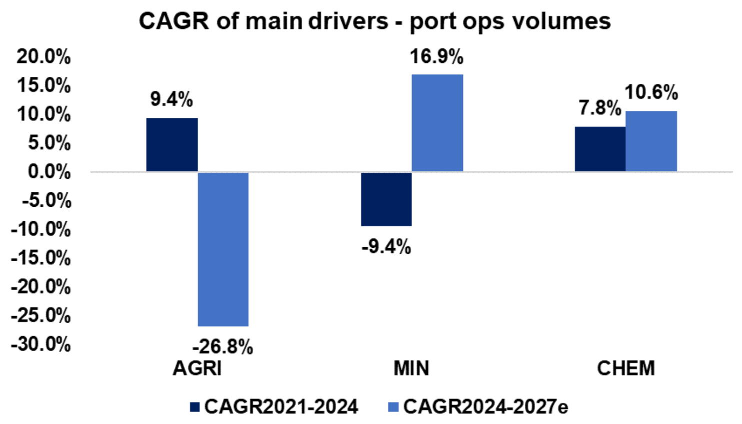


Source: Company data, Erste Group Research

In port operations - we assume agricultural products volumes to collapse further in 2025 by about 63%, compared to 2024, to 1.33mnT, in line with 1Q25 results. This is again a conservative assumption considering the strong crop prospects of the summer of 2025. We assume going forward only minor growth in volumes, up to a level that is slightly higher than higher than the volume operated before the war. This is a drastic assumption regarding demand, not company capacity, and would assume an uninterrupted adverse weather pattern for the medium term, with no cyclicality.

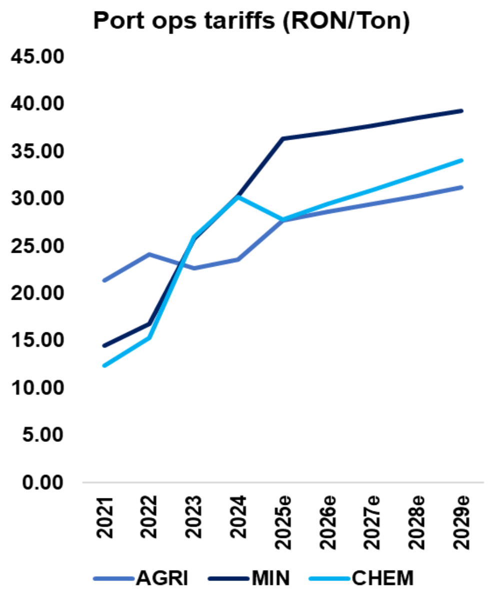


Source: Company data, Erste Group Research

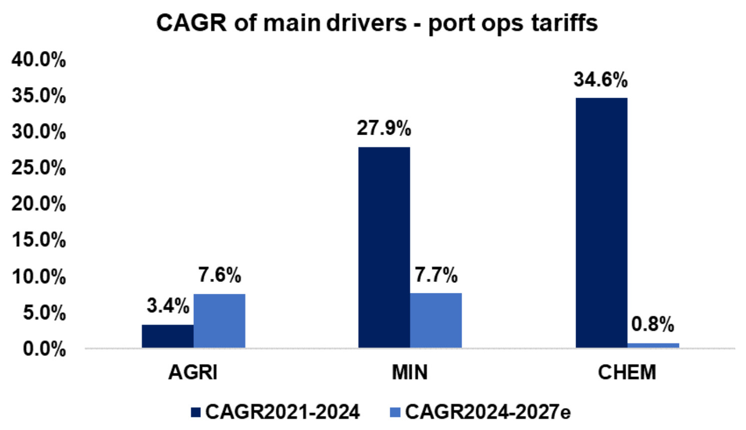


- we assume mineral volumes to grow in line with the trend shown in the last quarters, reaching 0.9mnT. To note, the company reports as minerals also general goods that do not fall under agricultural or chemical products. Thus, the volumes of everything operated in Decirom with exception of chemical products are reported as minerals. Going forward we assume the increase of the business in the port will continue at a minimum pace. In terms of tariffs we assume a 20% jump in 2025, congruent with current tariffs, with a growth in medium-term at a fraction of inflation.

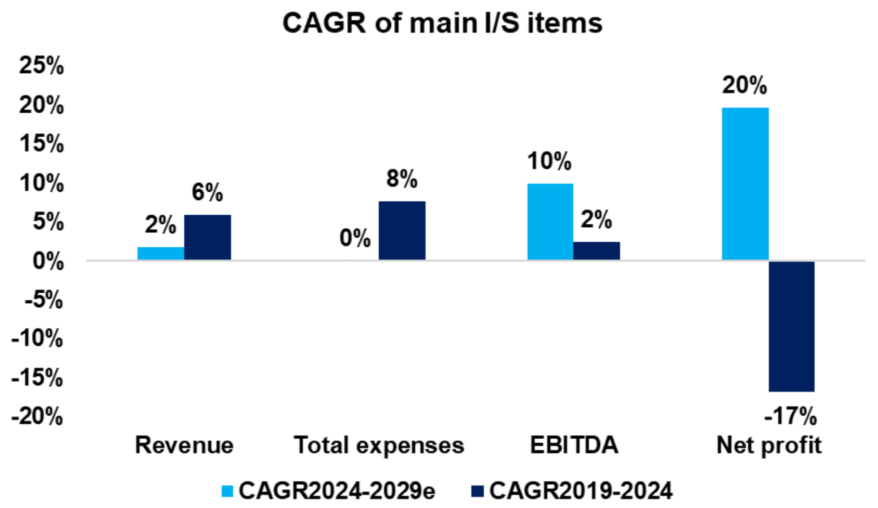
- we assume chemical volumes to grow by 25% in 2025 as per current trend, to reach 1.8mnT, and remain largely flat, with tariffs in line with current levels and growing with inflation.



Source: Company data, Erste Group Research

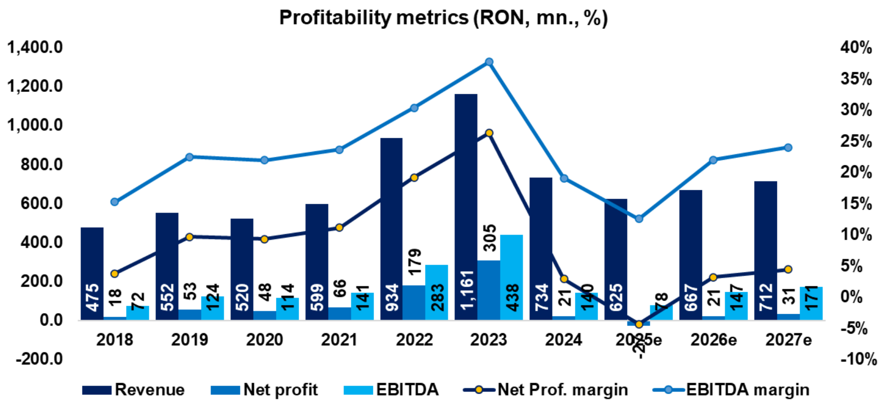


Cost assumptions based on current levels, but less than perfectly correlated to revenues. We believe these assumptions to be reasonable, with a medium-term perspective, however, may be significantly adjusted if events take a different turn going forward. With volumes growing only at a minimum the revenue growth is influence mostly by tariffs growing from current levels only by largely inflation or below.



Source: Company data, Erste Group Research

At the same time, our cost forecast is based on the current levels, that are congruent with an increased cost control mindset at management level. Thus, variable costs are set to decline as a percentage of revenues, as they depend on volumes rather than overall revenues. We believe this to be a reasonable assumption. Moreover, if volumes pick-up considerably, the growth in variable costs is going to be less than perfectly correlated to this increase. Current cost levels entail a measure of personnel presence and maintenance costs on un or underutilized assets, thus once these assets would be employed again, the cost rise would be less than proportional.



Source: Company data, Erste Group Research

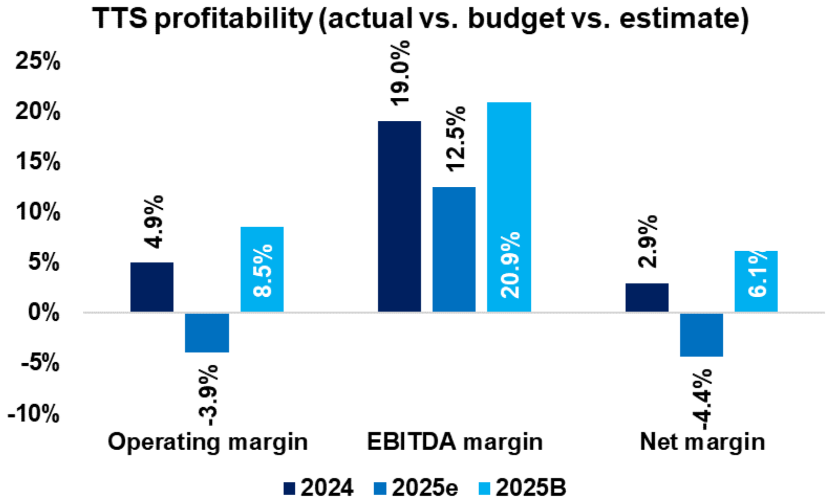
Profitability profile. As a consequence of us considering this admittedly conservative scenario, the profitability of the company is assumed to decline drastically in 2025 compared to any of the last seven years and reach a medium-term average consistent with 2020-2021 levels at a slightly higher level, considering the improvements in the fleet and port asset quality and the investments in expansion. The revenue/cost dynamic discussed above yield a growing profitability going forward, however much below recent record years.

Management quality, an important asset. Our forecasts inherently lack accounting for an important driver that has been proven all along to be an essential ingredient for the success of the company and the evolution of the stock. This driver is imponderable, however no less important. In our opinion, the management of the company has proven to be prudent and proactive at the same time, capable of steering the group through uncertain times and finding, so far, the best solutions to coping and negotiating challenges and turning them to profit. While is difficult to quantify, this is an important driver that shouldn't fail to deliver future performance. We are expecting opportunistic approach to capex and expenses to continue. Ultimately, in an atomized universe, the size of the group and its diversified business model will succeed in gaining market share and insure profitability.

We are much more conservative compared to budget numbers. The company has admitted the figures budgeted for the entire 2025 have been entirely too optimistic, and it may revise the budget at mid-year. We present – for illustration purposes – the comparison between 2024 figures, the initial budget and our current forecasts for the year. While it is entirely understandable the need for a budget revision, we are taken aback by the order of magnitude of the correction needed and are questioning the budgeting process of the company.

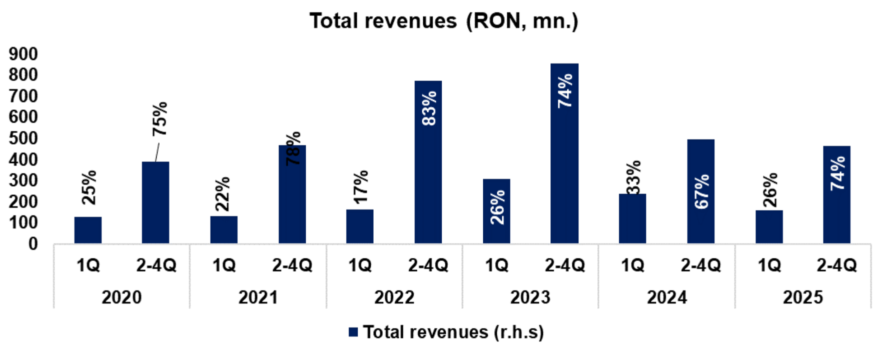
(mn. RON)	**2024**	**2025B**	***25B/24***	**2025e**	***25e/25B***
Total revenues	**733.8**	**781.1**	***6.4%***	**625.1**	***-20.0%***
Materials	-88	-85.9	*-2.4%*	-81.3	*-5.4%*
COGS	-27.8	-46.9	*68.7%*	-28.1	*-40.0%*
Depreciation	-103.5	-97.3	*-6.0%*	-102.7	*5.5%*
Subcontr.	-241.7	-249.0	*3.0%*	-237.5	*-4.6%*
Wages	-204.3	-193.1	*-5.5%*	-175.0	*-9.4%*
Other exp.	-50.8	-43.3	*-14.8%*	-37.5	*-13.4%*
Gains/losses	18.5	0.6	*-96.8%*	12.5	*1983.8%*
Operating expenses	**-697.6**	**-714.9**	***2.5%***	**-649.7**	***-9.1%***
Operating profit	**36.2**	**66.2**	***83.0%***	**-24.5**	***-137.0%***
Fin. Rev.	5.5	6.1	*11.6%*	-0.2	*-104.0%*
Fin. Costs	-6.3	-8.7	*38.7%*	-7.6	*-12.8%*
Net fin.	**-0.8**	**-2.6**	***225.0%***	**-7.9**	***202.7%***
PBT	**35.4**	**63.6**	***79.8%***	**-32.4**	***-150.9%***
Tax	-14.1	-16.2	*14.7%*	5.2	*-132.1%*
Net Income	**21.3**	**47.5**	***122.9%***	**-27.2**	***-157.3%***
Net margin	*2.9%*	*6.1%*		*-4.4%*	
EBITDA	**139.7**	**163.5**	***17.1%***	**78.1**	***-52.2%***
EBITDA margin	*19.0%*	*20.9%*		*12.5%*	

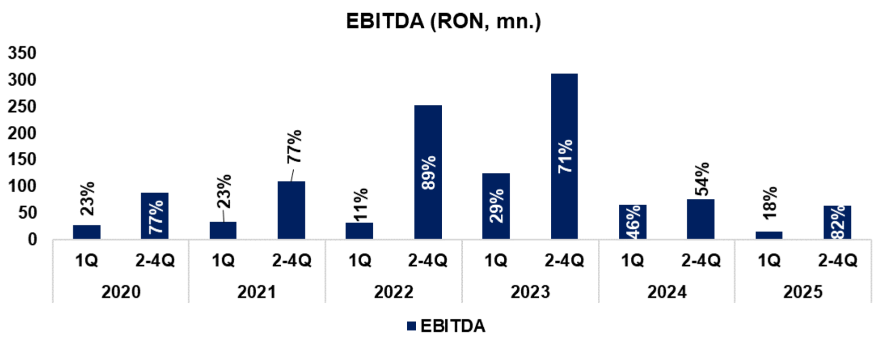
Source: Company data, Erste Group Research



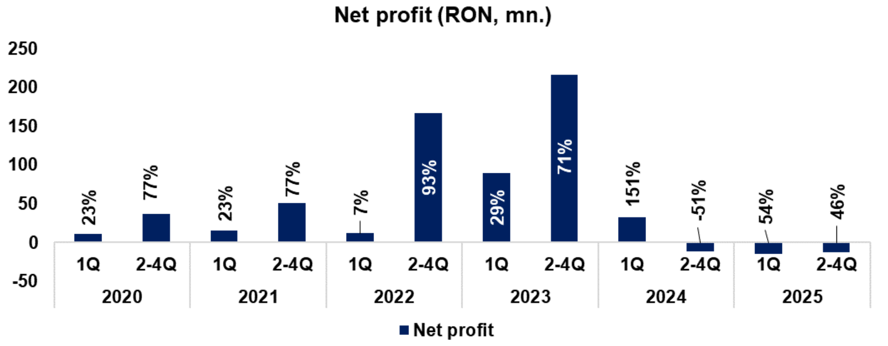
Source: Company data, Erste Group Research

1st quarter congruent with previous periods. First three months results largely validate our opinion that our outlook is part of a conservative scenario. Indeed, the results show that on a historical basis, the first three-month results of 2025 are in line with the seasonality present before the war and validate our forecast. This is visible on a historical perspective for revenues, and consistent regarding EBITDA and net income. (A higher share of 1Q in YE estimates than historical averages points to potential upside in YE results) We believe the 2025 YE forecast to be in line with 1Q25 actual results, and in absence of a significant worsening of the business, our estimates are entirely achievable. Moreover, considering the potential upside of the agricultural and mineral products demand in the second half of the year, our forecast could be surpassed.



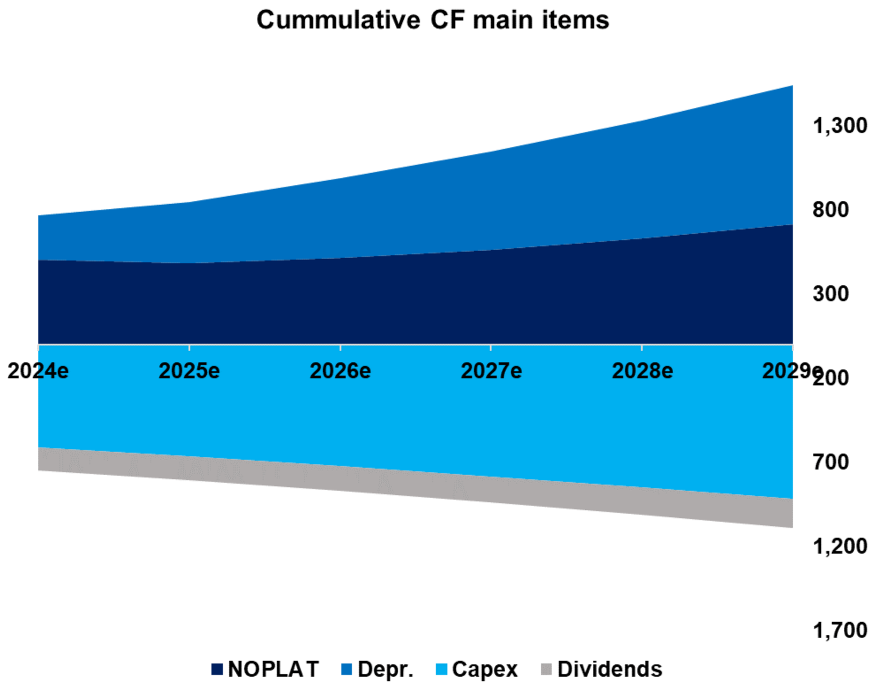


Source: Company data, Erste Group Research



Source: Company data, Erste Group Research

Currently, at a minimum. Our current target price amounts to a valuation floor, and we believe upside is possible going forward. We performed our valuation exercise under the assumptions presented above: major revenue decline in 2025, and minimal growth afterwards, cost expansion and declining EBITDA and profits for the year. Under these drastic circumstances, the stock seems to have found a floor beyond which it shouldn't have a reason to decline.



Source: Company data, Erste Group Research

CAPEX level correlated to forecasted volume growth. Indeed, cash generation is solid, and would accommodate an even more ambitious CAPEX than our yearly forecast of around RON55mn on the existing asset base, growing with inflation. This level is about 35% higher than the maintenance CAPEX set in the annual budget. With maintenance reduction to the minimum necessary and the continuation of certain ongoing projects we believe this is an adequate number. Moreover, we do not forecast virtually any volume growth, and it stands to reason that the correlation between CAPEX and volume is positive. Thus, no increase in volume warrants not significantly higher CAPEX than what is spent on maintenance, especially considering current overcapacity.

DCF valuation

The assumptions of the DCF valuation are:

- Sales growth and margin levels as per our assumptions discussed above, sales growth in perpetuity is 3%, below inflation levels
- Risk free rate of 6.70% till 2027 and 5.00% in perpetuity
- Equity risk premium of 7.45% during the next five years and 7% in perpetuity
- Debt premium of 1%
- 80% equity in perpetuity – at market price – of total liabilities and equity on the Balance Sheet – a level that we consider congruent with the characteristics of the company, at a sub-optimum debt level,
- Terminal value growth at 3%, in line with forecasted inflation
- EBIT margin in perpetuity of 11%, below that of last five years (no 2024), including the period of pre-war, and pre-COVID
- Organic CAPEX at levels congruent with maintenance levels, RON55mn/yr.

TTS DCF valuation

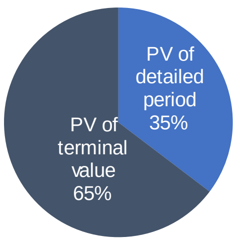
WACC calculation

	2025e	2026e	2027e	2028e	2029e	TV
Risk free rate	6.0%	6.0%	6.0%	6.0%	6.0%	5.0%
Equity risk premium	7.5%	7.5%	7.5%	7.5%	7.5%	7.0%
Beta	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	**13.5%**	**13.5%**	**13.5%**	**13.5%**	**13.5%**	**12.0%**
Cost of debt	7.0%	7.0%	7.0%	7.0%	7.0%	6.0%
Effective tax rate	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
After-tax cost of debt	**5.9%**	**5.9%**	**5.9%**	**5.9%**	**5.9%**	**5.0%**
Equity weight	75%	75%	75%	75%	75%	80%
WACC	**11.6%**	**11.60%**	**11.60%**	**11.60%**	**11.60%**	**10.61%**

DCF valuation

(RON mn)	2025e	2026e	2027e	2028e	2029e	TV
Sales growth	*-14.8%*	*6.7%*	*6.7%*	*6.1%*	*5.9%*	*3.0%*
EBIT	-25	39	59	79	101	91
EBIT margin	*-3.9%*	*5.9%*	*8.3%*	*10.5%*	*12.7%*	*11.0%*
Tax rate	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*
Taxes on EBIT	3.9	-6.3	-9.4	-12.7	-16.2	-14.5
NOPLAT	**-20.6**	**33.2**	**49.4**	**66.6**	**85.2**	**76.1**
+ Depreciation	103	107	112	117	122	70
Capital expenditures / Depreciation	*53.6%*	*53.9%*	*54.2%*	*54.4%*	*54.7%*	*100.0%*
+/- Change in working capital	-8	2	3	2	3	1
Chg. working capital / chg. Sales	*7.3%*	*5.7%*	*5.7%*	*5.7%*	*5.7%*	*6.0%*
- Capital expenditures	-55.1	-57.8	-60.7	-63.7	-66.9	-70.3
Free cash flow to the firm	**19.0**	**85.0**	**103.3**	**122.4**	**143.3**	**77.6**
Terminal value growth						*3.0%*
Terminal value						1,049.9
Discounted free cash flow - December 31 2024	17.1	68.3	74.3	78.9	82.8	589.0
Enterprise value - December 31 2024	**910**					
Minorities	134					
Non-operating assets	0					
Net debt (incl. lease liabilities)	-19					
Other adjustments	0					
Equity value - (RON bn) December 31 2024	**795.9**					
Cost of equity	13.5%					
Fair value, RON mn	**803.6**					
Number of shares outstanding (mn)	180.0					
Fair value per share, RON	**4.46**					
Share price	4.29					
Upside/downside (%)	*4.07%*					

Enterprise value breakdown



Sensitivity (Equity value - RON mn)

Terminal value EBIT margin

WACC	10.0%	10.5%	11.0%	11.5%	12.0%
9.6%	4.63	4.79	4.96	5.13	5.30
10.1%	4.38	4.54	4.70	4.85	5.01
10.6%	4.17	4.32	**4.46**	4.61	4.76
11.1%	3.98	4.12	4.26	4.40	4.54
11.6%	3.82	3.95	4.08	4.21	4.34

Terminal value growth

WAC	2.0%	2.5%	3.0%	3.5%	4.0%
9.6%	4.46	4.70	4.96	5.28	5.64
10.1%	4.26	4.46	4.70	4.96	5.28
10.6%	4.08	4.26	**4.46**	4.70	4.96
11.1%	3.92	4.08	4.26	4.46	4.70
11.6%	3.78	3.92	4.08	4.26	4.46

Source: Erste Group Research

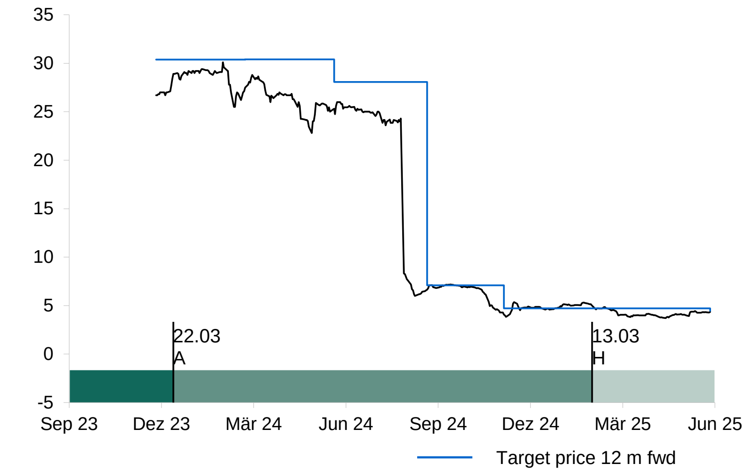
Disclosure of particular interests or indications of conflicts of interest according to delegated Regulation (EU) 958/2016 supplementing Article 20 of Regulation (EU) 596/2014 (MAR):

Company	ISIN	1 EGB/affiliates holdings exceed 5% of the share capital of issuer or vice verca	2 market maker or liquidity provider for issuer/instruments	3 agreement for the provision of services of investment firms over the previous 12 months	4a Agreement with the covered company about the production of analyses	4b Agreement with a third party about the production of analyses	5 Managed or co-managed a public offering over the previous 12 months	6 Draft of report disclosed to issuer prior its publication	7 Analyst has a position in the issued share capital of the issuer	8 Net Long Position exceeding 0.5% of the issued share capital of issuer	9 Net Short Position exceeding 0.5% of the issued share capital of issuer
Transport Trade Services SA	ROYCRRK66RD8				Y						

The above specific disclosures (marked with "Y" if applicable), are valid at the time of publication of this report. June 27 2025

For a more detailed and an up-to-date overview of conflicts of interests for all analysed companies and/or financial instruments by Erste Group, which are updated regularly upon changes, please follow below link:
Disclosure | Erste Group Bank AG

Transport Trade Services SA



Rating history

Date	Rating	Price	Target Price	Action
25. Jun 25	Hold	4.36	4.46	
13. Mar 25	Hold	4.85	4.73	
03. Dec 24	Accumulate	4.07	4.73	
18. Sep 24	Accumulate	6.64	7.09	
18. Jun 24	Accumulate	25.30	28.06	
22. Mar 24	Accumulate	27.50	30.40	
05. Dec 23	Buy	24.60	30.39	
19. Sep 23	Buy	21.40	25.42	

Company description

TTS is the premier river transportation and port operations provider in the Danube Basin and the Constanta Port

A history of all recommendations for covered issuers/financial instruments within the last 12 months is provided under the following link: https://produkte.erstegroup.com/Retail/en/ResearchCenter/Overview/Disclaimer/index.phtml.

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