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H1 2026 First look

TRANSGAZ

Q2 loss wider than expected on booking shortfall; FY'26E cut, but still above budget

* **Transgaz reported a standalone net loss of RON 78m in Q2'26**, compared with a RON 7m net profit in Q2'25 and our estimated loss of around RON 37m. EBITDA came in at RON 119m, broadly flat Y/Y but around 18% below our RON 146m forecast. The miss was mainly driven by weaker-than-expected capacity booking revenues.

* **Core transmission revenues increased 4% Y/Y to RON 453m**. The capacity component rose 6% Y/Y to around RON 398m, with capacity booking revenues up 12% Y/Y to RON 357m and capacity overrun broadly stable at RON 38m, while auction premiums declined sharply to around RON 3m from RON 20m in Q2'25. Booking revenues continued to be affected by an unfavourable product mix, skewed towards longer-term products carrying lower tariffs. Versus our forecast, however, the shortfall was mainly volume-driven, as reserved capacity came below expectations, while the realised booking tariff was broadly in line with our assumptions. Commodity revenues declined 6% Y/Y to around RON 56m, as higher transported volumes were more than offset by the lower regulated tariff.

* On the cost side, CPT expenses increased to RON 23m from RON 14m in Q2'25, mainly reflecting higher gas prices. However, technological consumption remained very low, at 0.22%. Transgaz has also secured gas inventories covering 2026 and a significant part of 2027, which should partly limit its exposure to current market prices. Personnel costs declined slightly Y/Y to RON 193m, supported by the lower headcount. With EBITDA broadly flat Y/Y, the 48% increase in D&A to RON 185m following the commissioning of major investment projects pushed EBIT to a RON 65m loss versus a RON 7m loss in Q2'25.

* The financial result swung to a RON 14m loss from a RON 4m profit in Q2'25, mainly reflecting higher interest expenses and FX losses. The RAB inflation adjustment contributed around RON 25m, significantly lower Y/Y following the cap introduced in September 2025.

* **At H1'26, Transgaz posted standalone net profit of RON 234m, down 49% Y/Y, on EBITDA of RON 634m, down 12% Y/Y.** Despite the weaker Y/Y earnings profile, operating profit exceeded the H1 budget by around RON 134m, while net profit came in around 11% above budget despite a substantially weaker-than-budgeted financial result.

* **FY 2026 OUTLOOK:** Following the weaker-than-expected capacity revenues in H1, we reduce our FY'26 standalone net profit forecast to around RON 480m vs RON 500m previously, while keeping EBITDA at RON 1.24b. The revision mainly reflects the less favourable booking mix recorded in H1 and a weaker financial result. We forecast FY transmission revenues at around RON 2.5b, broadly in line with budget. On costs, CPT remains the main source of upside vs the regulatory cost base, as we assume technological consumption at ~0.26%, with realised gas costs supported by sizeable inventories already secured by the company. The regulatory earnings base improves from October 1st. RAB increases to RON 8.97b from RON 8.62b, while the regulated rate of return remains at 6.94%. Based on the new RAB and regulatory depreciation of RON 560m, we estimate **underlying regulated EBITDA at RON 1.18b for the 2026-2027 gas year**, vs RON 1.08b for the current gas year. Transgaz also has around RON 300m of 2024-2025 capacity overrun revenues still to flow through the regulatory mechanism over three years, implying roughly RON 100m per year. Our FY'26 EBITDA forecast of RON 1.24b remains above the underlying regulated level, mainly reflecting CPT and other operating efficiencies, together with capacity overrun and auction premium revenues. We expect standalone net profit of around RON 480m, down 39% Y/Y but around 27% above budget, broadly assuming that the sizeable H1 operating beat is retained through year-end without a material additional beat in H2. Despite our above-budget FY'26 earnings forecast and the stronger regulatory earnings base from October, we believe the current valuation remains stretched. **At around 2.6x EV/RAB and 18.7x EV/EBITDA, the stock trades at levels that we see as difficult to justify against underlying regulated EBITDA of RON 1.2b, even after factoring in the stronger regulatory backdrop | NEGATIVE.**

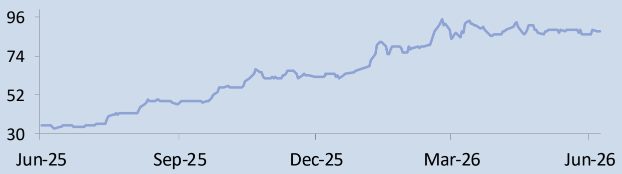
Romania, Gas Utilities

BQ: TGN RO			
Last close	**RON 91.1**		
52 - Week range	RON 46.0 | RON 102.0		
Market cap (m)	RON 17,162	€ 3,269	
EV/FY'2026E EBITDA	**18.7x**	**P/FY'2026E EPS**	**35.8x**
EV/2026-27E RAB	**2.6x**		

P&L Summary (RONm)*	**Q2'25**	**Q2'26A**	**H1'25**	**H1'26A**
Revenue	**436**	**453**	**1,344**	**1,255**
Commodity component	60	56	150	152
% Revenue	*14%*	*12%*	*11%*	*12%*
Capacity component	376	398	1194	1103
% Revenue	*86%*	*88%*	*89%*	*88%*
Auction premium	20	3	35	10
Capacity overrun	37	38	104	99
Capacity booking	320	357	1055	993
Other income	36	56	78	106
Operating revenues**	**472**	**509**	**1,422**	**1,361**
D&A	125	185	246	349
Staff costs	195	193	337	338
Grid losses&materials	23	40	62	65
Expenses with royalties	50	52	155	144
Maintenance	19	28	26	36
Taxes and duties	40	47	61	73
Other provisions	-23	-14	-21	-6
Receivables impairment	4	8	7	11
Other OPEX	46	36	76	66
Operating expenses**	**478**	**575**	**949**	**1,075**
EBITDA	**118**	**119**	**719**	**634**
EBITDA margin	*27%*	*26%*	*54%*	*51%*
EBIT	**-7**	**-65**	**473**	**286**
EBIT margin	*-2%*	*-14%*	*35%*	*23%*
Financial result	**4**	**-14**	**64**	**5**
Net interest	9	-0	14	-6
Net FX gains/(losses)	-20	-31	-21	-31
RAB inflation adj.	27	25	83	50
Others	-11	-8	-12	-8
EBT	**-3**	**-79**	**537**	**291**
EBT margin	*-1%*	*-18%*	*40%*	*23%*
Net profit	**7**	**-78**	**460**	**234**
Net profit margin	*2%*	*-17%*	*34%*	*19%*

*Source: The Company; * IFRS individual*

*** Before balancing and construction activity according to IFRIC12*



Price performance	**1m**	**6m**	**12m**	**YTD**
	-6.0%	4.1%	89.4%	38.2%

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Company Specific Regulatory Disclosures

The following disclosures relate to relationships between Swiss Capital SA and companies covered by the Research Division of Swiss Capital and mentioned in this research.

Mentioned companies

Company	BSE	Rating	Price	Price date	Disclosure
S.N.T.G.N. Transgaz	TGN	-	91.1	20/08/2026	NONE

Rating history for Transgaz

Date	Rating	Share Price (RON)	Target Price (RON)
-	-	-	-

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