

Trans-Oil Group

The agri-business giant with a global vision

A true post-Soviet success story, Moldova has achieved exceptional growth since declaring independence in 1991, aided by its exemplary open approach to Western investment. Today, Moldova's prospective accession to the European Union is catalysing significant structural reforms and providing confidence to foreign investors through closer alignment with EU production and quality standards. Meanwhile, Moldova's strategic position provides businesses easy access to an 800 million-strong, duty-free consumer market comprising the Deep and Comprehensive Free Trade Area (DCFTA), the Commonwealth of Independent States (CIS), Turkey, and the UK.

Agriculture is a central pillar of Moldova's economy, with the sector employing about 27% of its labour force and accounting, on average, for 12% of its GDP, according to the International Trade Administration (ITA). Farmlands cover over two-thirds of Moldova's territory, and its moderate continental climate - characterised by short, mild winters and long, hot summers - and fertile black soil have given rise to a robust and surplus-driven export industry. According to the ITA, processing is one of the most attractive sub-sector investment opportunities, whilst the country's strengths in oleaginous plants like sunflower make it a key enabler for oil production.

With a network of 49 grain elevators across Moldova, Serbia, and Romania, five oilseeds processing facilities capable of processing 1.2 million tonnes annually, and a 200-plus inland logistics fleet, Trans-Oil Group has established itself as the leading agri-business in Central and Eastern Europe.

Initially focused on global marketing, Trans-Oil acquired its first major asset - a large-scale grain elevator - in Moldova in 1998. At the time, Moldova's logistics and agriculture infrastructure was underdeveloped, so Trans-Oil set about investing in new assets to store, process, and transport crops grown on its 5,000-hectare farm.

As the group's CEO, Vaja Jhashi, explains: "I realised that without a comprehensive network of infrastructural assets, achieving profitability would be an elusive goal. The only viable path was to establish an uninterrupted chain from the farm to the end-consumer."

Without any real competition, Trans-Oil began developing crucial infrastructure in 2009, such as Moldova's first grain loading terminal on the Danube. In 2010, the group launched a milestone greenfield project to construct a multipurpose oilseed crushing and extraction plant in south Moldova with the help of major international finance organisations and Western governments. Alongside other investments, these projects helped to transform Trans-Oil from a small, successful trading house into the vertically integrated, multi-billion-dollar enterprise it is today, simultaneously improving Moldova's economic well-being and regional infrastructure. "It didn't happen overnight. The construction of these projects holds



Vaja Jhashi
CEO

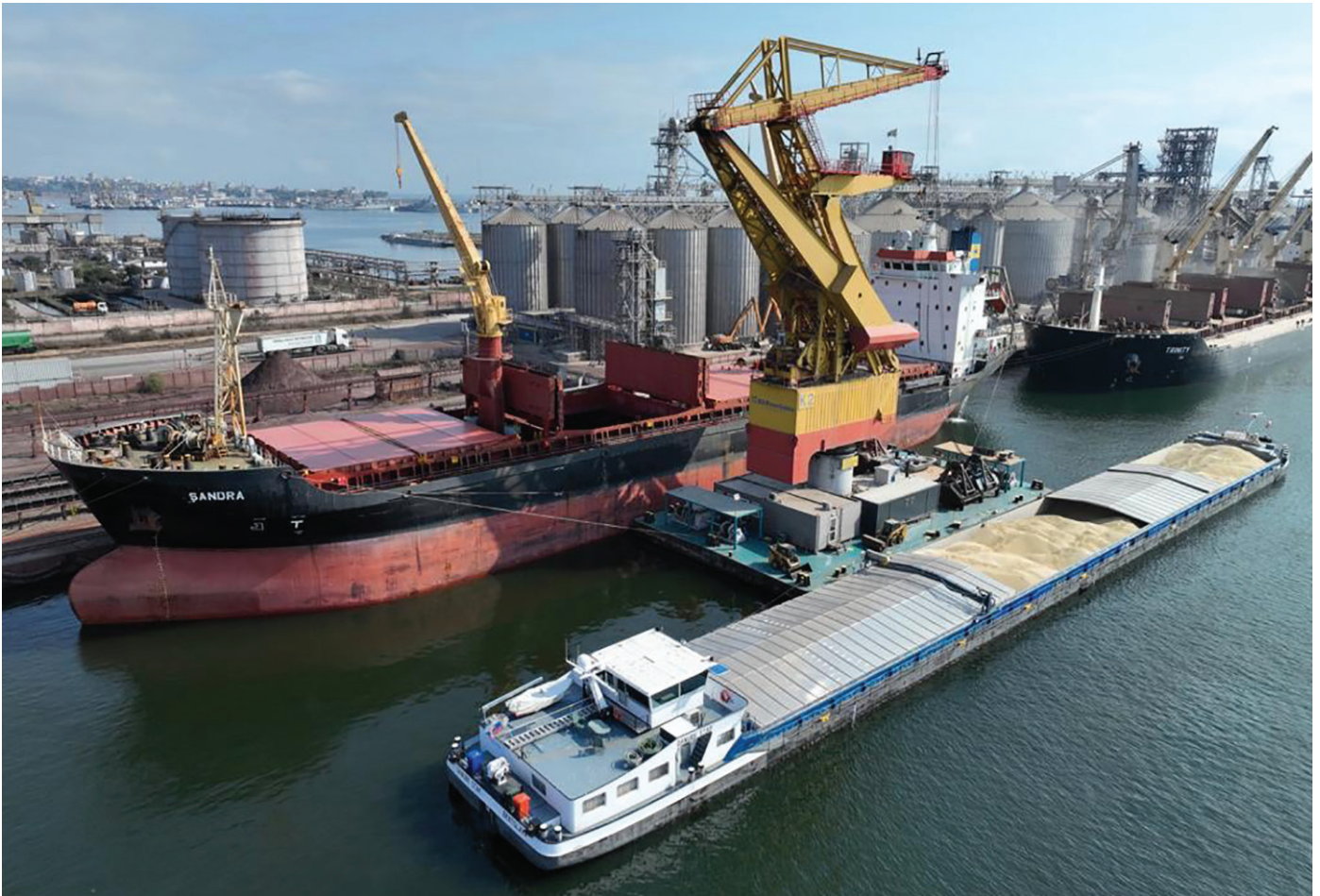
immense significance for us, and we're still engaged in further development," says Jhashi.

At present, Trans-Oil's fixed assets total USD 500 million across Moldova, Romania, and Serbia. They include everything from farm storage facilities and processing plants to port terminals - such as its Port of Giurgiulești terminal, built in 2009, which has the fastest loading rate of any grain terminal in the region and a transhipment capacity equivalent to about 75% of Moldova's annual grain exports - a fleet of seagoing vessels, including tankers and dry cargo ships, and the group's own farming division.

Trans-Oil's previous decade of rapid development in Moldova followed the country's need to modernise; today, they centre around managing the effects of Russia's invasion of Ukraine. Since the beginning of the invasion, Trans-Oil has made remarkable progress, virtually from a standing start, and its existing assets have gained immeasurable value, explains Jhashi: "Previously, Ukraine held a

dominant position in agriculture, surpassing even Moldova, and was a significant global supplier. However, the invasion abruptly disrupted their supply chain. This is where Moldova, Romania, and Serbia stepped in. We found ourselves facilitating deliveries to regions we'd never contemplated. We provided secure deliveries, unaffected by the conflict, and maintained a quality equal, if not superior, to previous standards."

To help support its new clients, Trans-Oil acquired a river fleet capable of moving 1 million tonnes of goods annually - at a 40% discounted market price - but its most significant investment has been in the Port of Constanța area. Alongside commercial offices, the group now operates a nearby facility engaged in sunflower seed processing and oil production - Trans-Oil is Moldova's biggest bottled oil producer. Whilst, as Jhashi points out, Trans-Oil's operations in Constanța lie close to those of multinational giants, he is confident in the niches the group has identified, specifically with farmers in Western



Ukraine. “Whilst their port infrastructure had traditionally centred around Odesa and the Black Sea, they’ve recently recognised an opportunity in the western part of the Black Sea, particularly Romania,” says Jhashi, explaining: “Although the economic benefits are not equal to Odesa, the sustainability and strategic security is welcome for Western Ukrainian farmers and grants them a direct pathway to the European market. Our ambition is to be at the forefront of this movement.”

In communication with Western Ukrainian farmers, Trans-Oil has upgraded its grain elevators along the border to accommodate a narrow-gauge railway system which seamlessly links to its silos. The new process is simple: each day, up to 50 Romanian rail cars enter Trans-Oil’s silo territory, whilst Ukrainian suppliers bring their grain, which is then efficiently unloaded into the silo, and then the rail cars are loaded and transported to Constanța. At the moment, Trans-Oil achieves a monthly throughput of about 50,000 tonnes - equating to half a million annually - and the group plans to construct a processing facility in Constanța dedicated to grain imports from Ukraine.

Trans-Oil’s investments in new logistics routes have also resulted in some of the group’s strongest financial performances to date. In 2021-2022, revenue was almost double that in the previous year, reaching USD 2.675 billion - up on USD 1.357 billion - whilst, in 1H FY 2023, Trans-Oil registered a 50.7% CAGR in revenue (since 31 December 2019) and a last twelve months

(LTM) EBITDA margin of 9%. Other activities, like Trans-Oil’s acquisition of Serbia’s biggest oilseeds processing plant in June 2021 - which secured the group’s leadership of the Serbian oilseeds market - and of Serbia’s largest grains & logistics business in December 2021 - which enabled it to become the largest player in Serbia’s soft commodities market - have also been key.

As Trans-Oil continues to consolidate its market leadership and financial future, Jhashi is keen to deepen its international ties, such as in the MENA region. Currently, the group’s primary interest is the Middle East - particularly the Gulf region - and Asia, namely Saudi Arabia and India, where there is strong demand for oils. For Jhashi, the focus when entering new markets will be on building strong, long-lasting partnerships that enable each party to capitalise on local dynamics: “We respect our partners’ insights and aim to support them with high-quality products, delivery, and supply-demand expertise. We aim to grow their business and ours simultaneously by forging a mutually beneficial synergy.” Jhashi also states that Trans-Oil is open to share swaps or similar arrangements to establish itself in overseas markets like Saudi Arabia and foster a commitment to collaborative growth that goes beyond just a transactional agreement.

Trans-Oil’s massive production capacity makes it the ideal partner for strong consumption enterprises in high-demand markets. India is currently the world’s largest importer of sunflower oil, bringing in over 2 million tonnes

each year - more than the EU-27 combined - and Trans-Oil can provide it with 0.5 million tonnes. What distinguishes Trans-Oil is that it also covers everything in between, with complete control over origination, processing, shipping, international marketing, and flexibility when it comes to delivery. “We also engage in credit-based collaborations, carefully mitigating risk for our partners. Addressing cash flow gaps and credit crunches is a common challenge today, so we offer trusted buyers a one-month, 30-day credit window. Our customer-focused approach is centred around risk management and nurturing robust, dependable collaborations,” adds Jhashi.

Ultimately, Trans-Oil’s overseas expansion is driven by the Black Sea’s strong commodity surplus, which has made the region a net exporter. “We’ve positioned ourselves strategically, processing and delivering to markets that lack the same commodity surplus as we do. This synergy is most evident in our relationships with the Middle East, North Africa, and part of Asia,” says Jhashi. Additionally, as farming efficiency continues to increase in the Black Sea Region, particularly in Moldova, Jhashi believes the dynamic nature of the sector is a strong indicator of steady future growth: “Moldova’s market is well established, and investing in the food chain business presents a solid, sustainable opportunity. This sector will continue to evolve and innovate; we’re excited to be a part of its progress.”