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1909 — 2019

# ROMGAZ

## Q1 2019 Financial and Operational Results

May 2019



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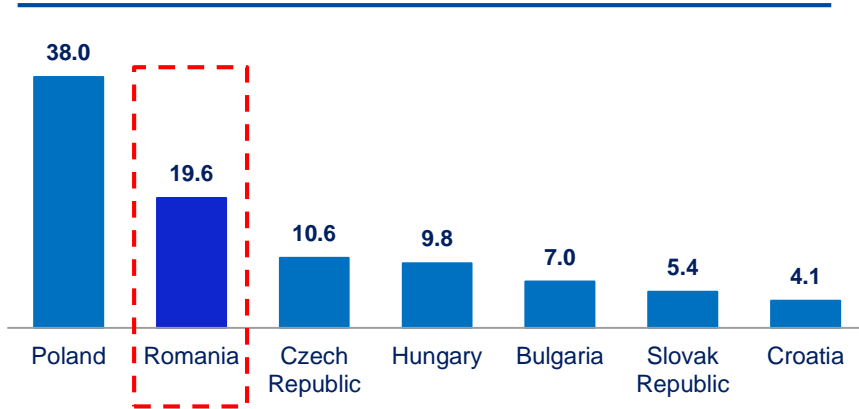
All figures included in this presentation are rounded ("round to nearest" method).

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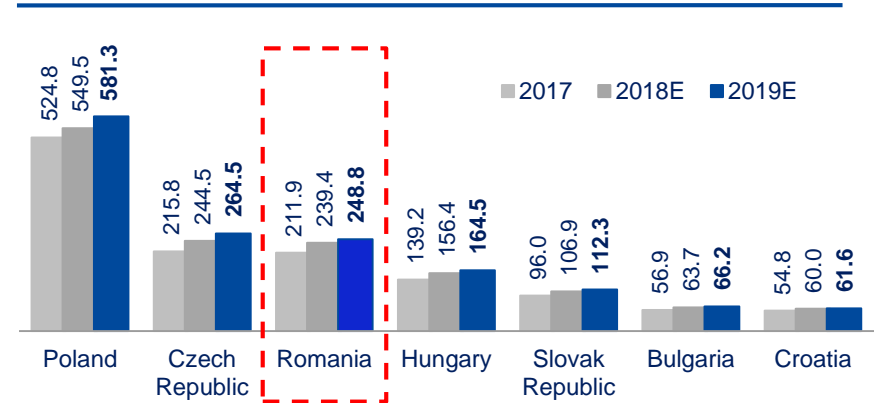
# Economic context and gas market

## Romania: Large country, favourable economy development, growth perspectives

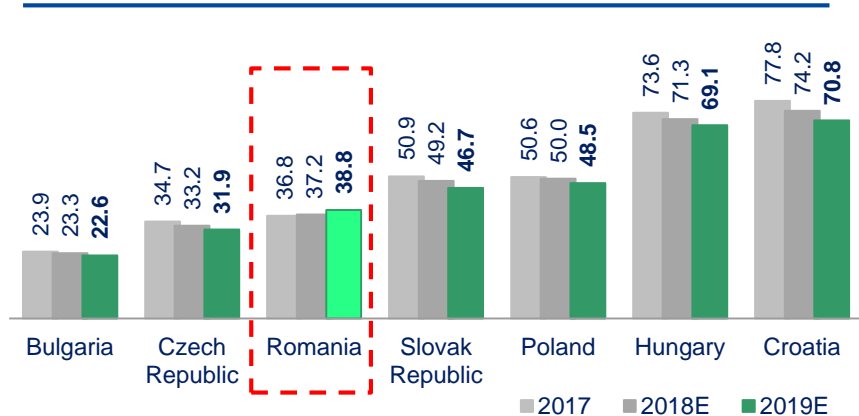
Population<sup>1</sup> (mln)



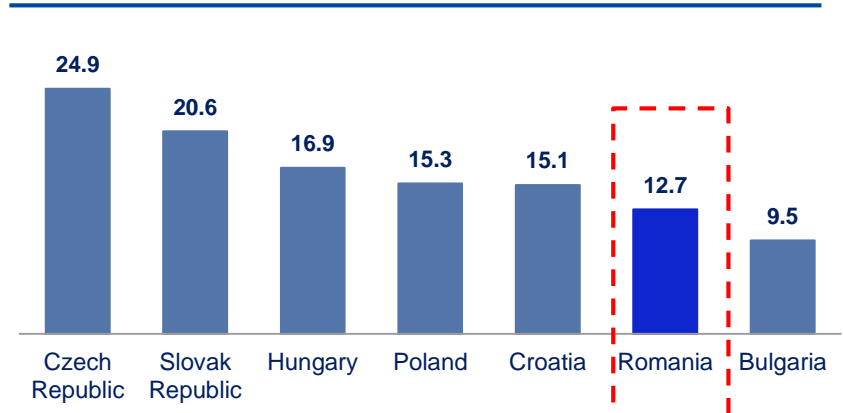
2019E GDP<sup>1</sup> (USD bn)



Public debt<sup>2</sup> (% of GDP)



2019E GDP per capita<sup>3</sup> (USD '000)



Source: IMF World Economic Outlook – Oct 2018

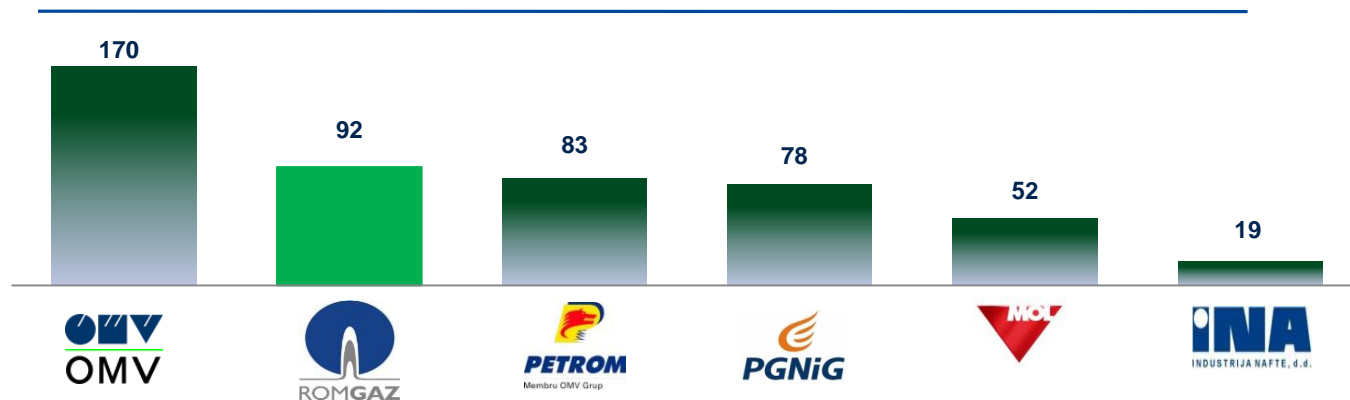
<sup>1</sup> Gross Domestic Product, current prices    <sup>2</sup> General Government Gross Debt, % of GDP    <sup>3</sup> Gross Domestic Product per Capita, current prices



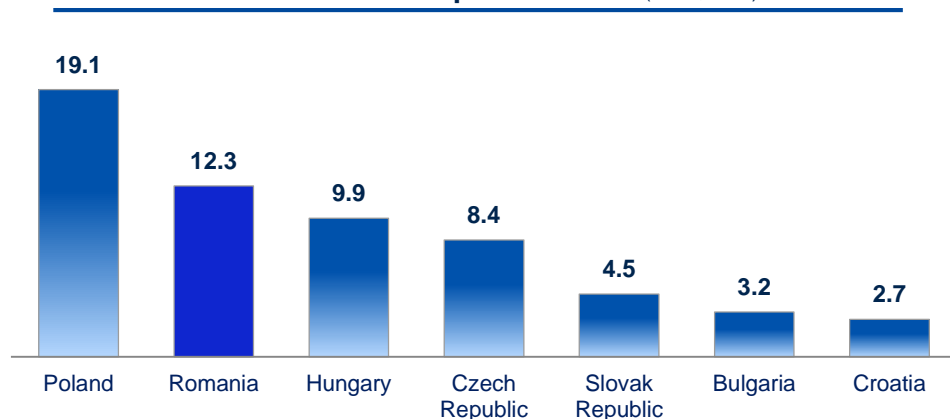
# Economic context and gas market

## Romania: Well-positioned Gas Market

Gas Producers in the region<sup>2</sup> (2018 output, kboepd)



Gas consumption in CEE<sup>1</sup> (2017, bcm)



☐ Natural gas represents an important clean source of energy

**In the region:**

- ☐ Romgaz ranks among top gas producers
- ☐ Romania is one of the largest gas producers.

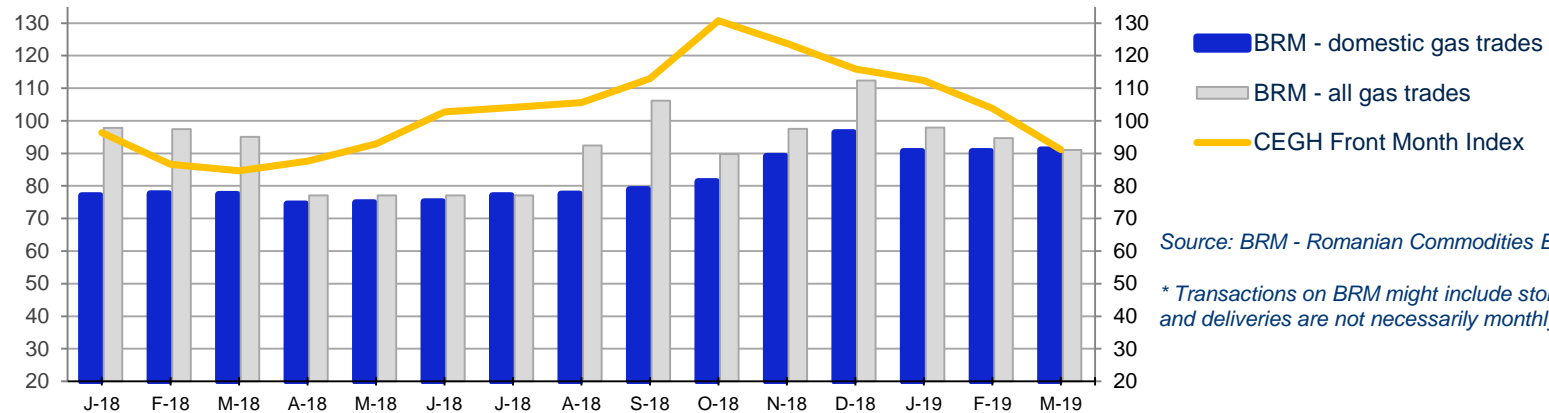
Source: <sup>1</sup> BP Annual Statistical Review of World Energy (June 2018), Romgaz estimate for Romania based on ANRE data;

<sup>2</sup> Romgaz computation based on companies' reports, Petrom: Romania+abroad, OMV excluding Petrom.

# Economic context and gas market

## Romania: Gas Prices on BRM in Q1/19, Gas Producers and Final Consumers

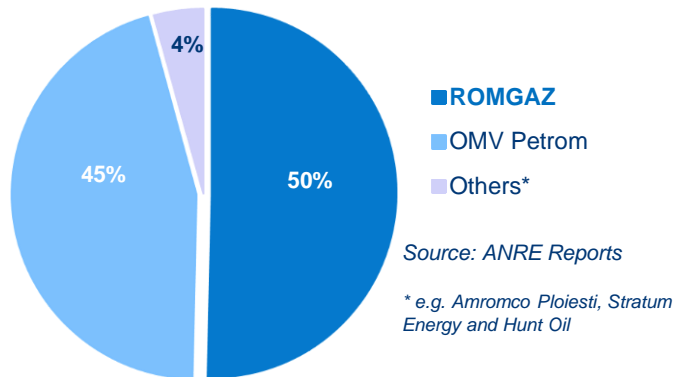
Natural Gas Prices on BRM and CEGH Q1/18-Q1/19 (RON/MWh) \*



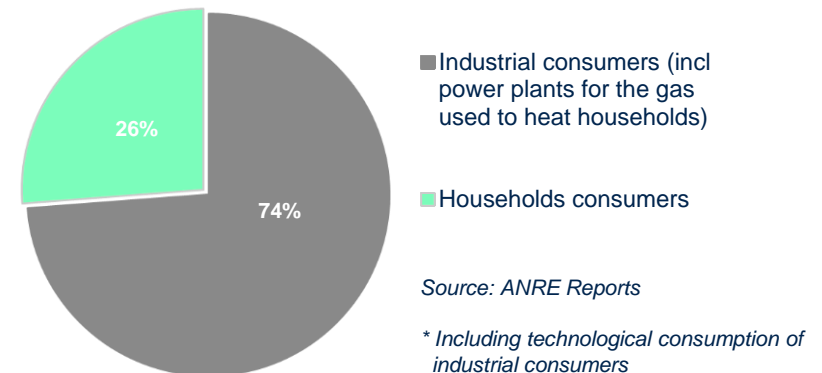
Source: BRM - Romanian Commodities Exchange

\* Transactions on BRM might include storage tariffs and deliveries are not necessarily monthly related.

Gas producers in Romania (FY2018)



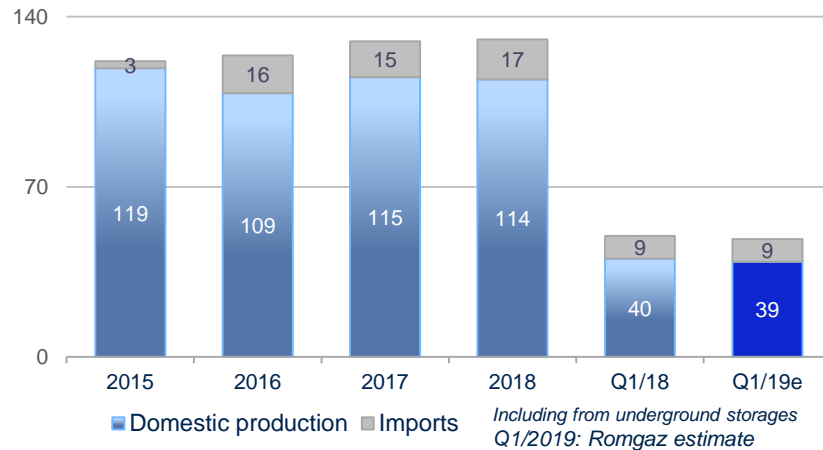
Final Consumers in Romania\* (FY2018)



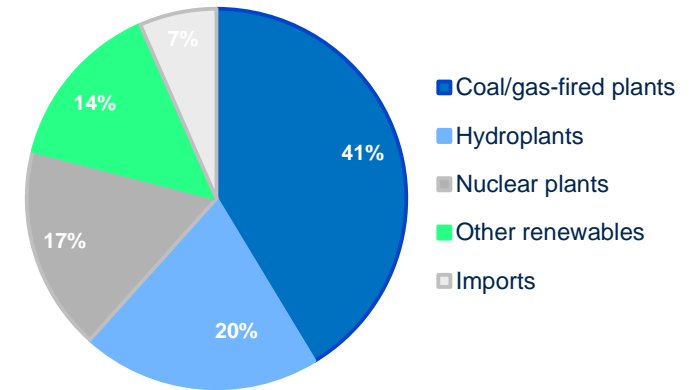
# Economic context and gas market

## Romania: Consumption estimate -3% y/y in Q1/19, market characteristics in Q1

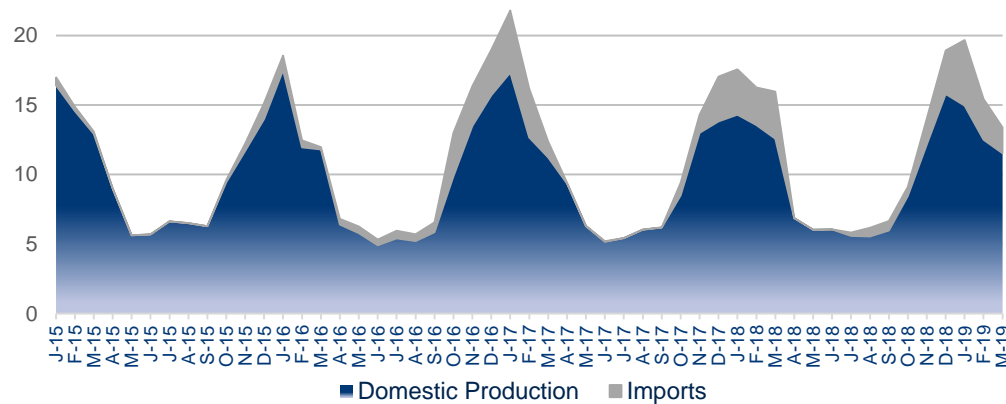
Natural Gas Consumption\* (mln MWh)



Mix of Energy Resources (Q1/19)\*\*



Seasonality of Gas Consumption\* (mln MWh)



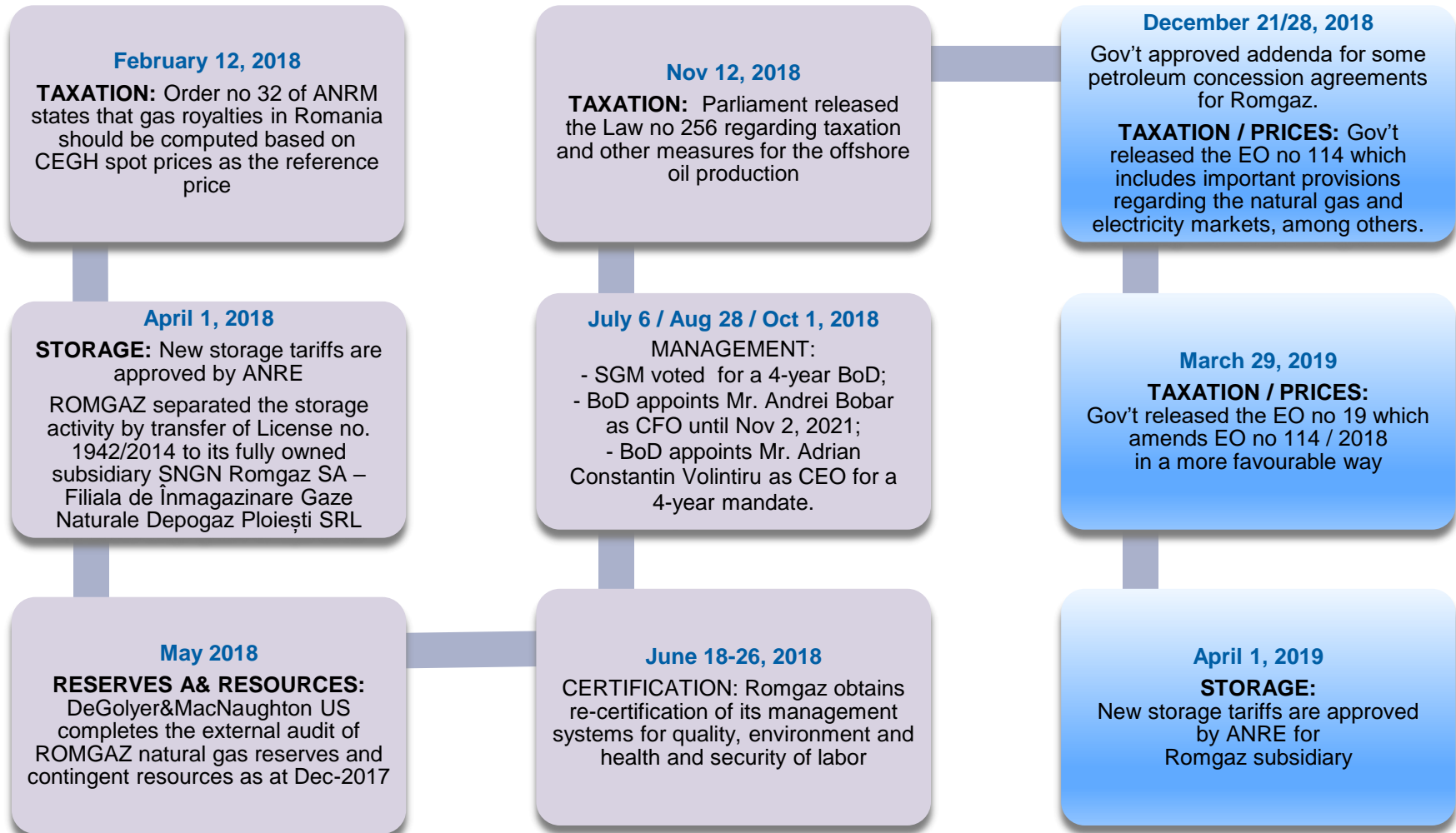
Sources:

\* ANRE Reports;

Romgaz estimates for Q1/2019

\*\* Statistics Institute

## Selected Events for 2018/2019 – relevant for our activity





# Romanian Legal and Regulatory Environment

## Fiscal framework – main changes in Q1/19 and 2018

- GEO no. 19 / March 2019 amended GEO no. 114 / Dec 2018 – overall, main provisions for the gas & electricity market include:
  - Gas selling price capped for producers, for the gas sold to households and district heating plants for households: RON 68/MWh;
  - Regulated power prices for households;
  - 2% fee on gas and power revenues or on profit from resales, with deductions;

Distribution of 35% of the equity reserves at end-2018, if distribution does not impact capex plan and is available as cash

- Gas royalties computation changed (2018)
- Offshore Law promulgated (2018)

# ROMGAZ Group: Highlights for Q1/2019\*

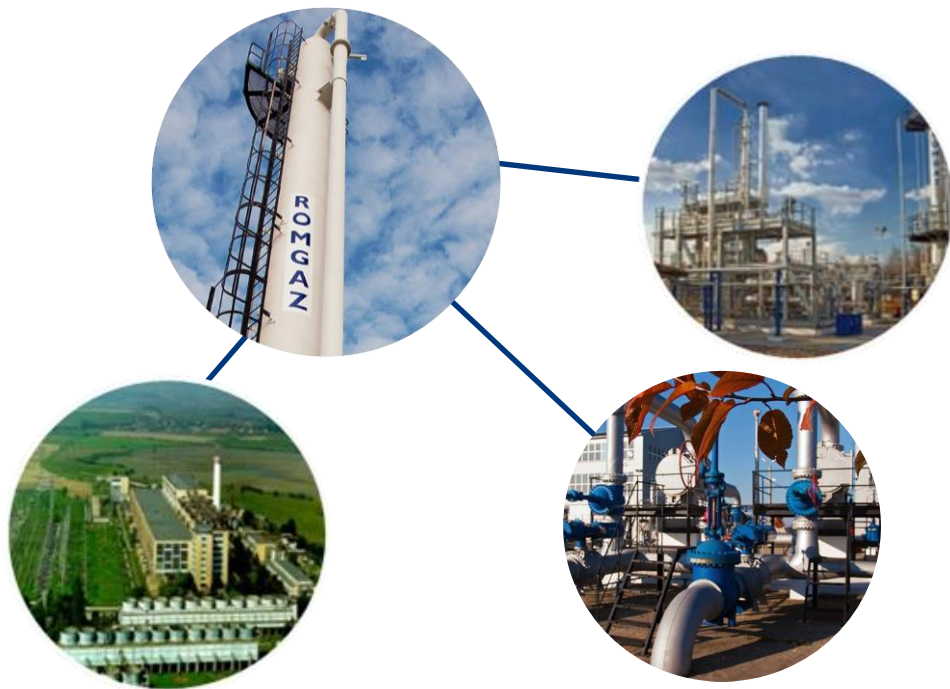
## Major developments in Q1

- **Gas production +4.8% y/y and +1.4% q/q** due to the ongoing production enhancement programme
- **Revenues +16% y/y, based on good performance of the gas segment**
- **Market share of 36%** in total domestic gas consumption (and **43%** considering only domestically-produced gas)
- As expected, gas & UGS royalties +20% y/y and windfall profit tax +56% y/y
- **Net Profit of RON 542 million, +16% y/y**
- **Profitability remains strong** - EBITDA rate of 52.2%, NP rate of 31.6%
- **Development strategy approved by the Board** - important investments are being contemplated in order to improve the gas value chain and diversify the portfolio of investments
- Recall the outcomes of the external audit of our gas reserves and resources (resources +55%, avg RRR of 78% as of end-Dec 2017)

\* Consolidated figures, Q1/18 restated

# ROMGAZ: Company Overview

## Major Producer and Supplier of Natural Gas in Romania



### Other activities

- Include wells workover and recompletions and special well operations, and also - technological transport and maintenance
- Support operations at Group level and third-party clients.

### Gas Exploration, Production & Supply

- Around 155 commercial gas fields - significant onshore and offshore exploration potential, important discoveries and enhancements made lately
- **Among top gas producers in Romania** (output of 5.33 bcm in 2018)
- Significant market share in the total gas supply in Romania.

### Underground Gas Storage

- Working capacity: 2.82 bcm at end of March 2019, after halting production in Cetatea de Balta UGS in Jan 2019
- Important investments to secure the gas supply
- **Market share of 91% in Romania**
- Regulated activity (revenue-cap methodology, RR on RAB).

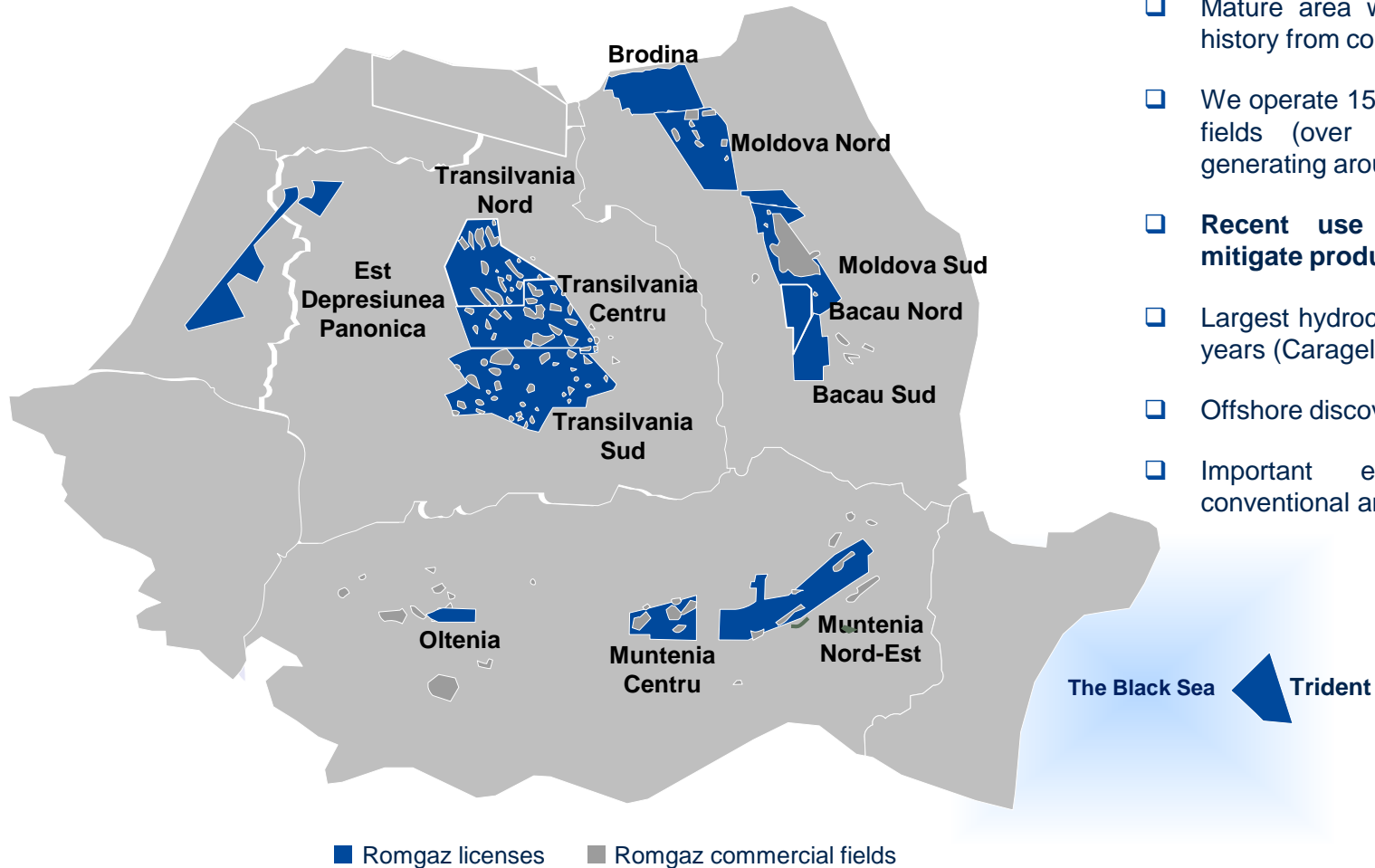
### Electricity Production

- **New power plant in construction (430 MW)**
- 400 MW old capacity still operational at end-Jan/2019
- Market share of 1.8%\* in terms of production in full year 2018.

\* ROMGAZ estimate based on data provided by CNTEE Transelectrica SA

# Company Overview

## Major Producer and Supplier of Natural Gas in Romania



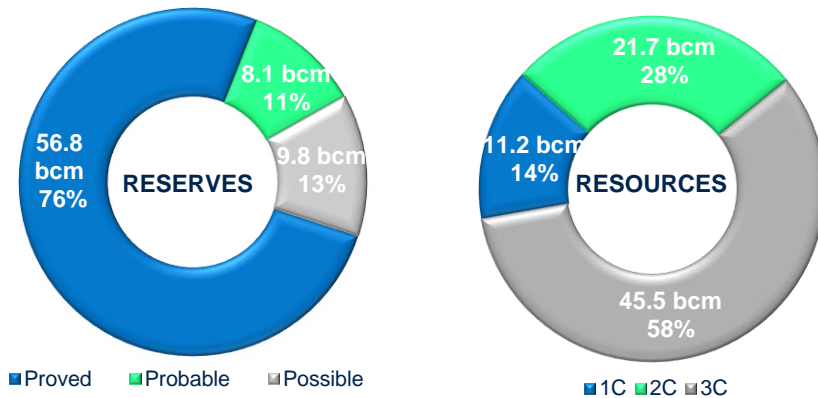
- ❑ Mature area with over 100-year production history from conventional reservoirs
- ❑ We operate 154 commercial fields; 30 mature fields (over 30-year old) are currently generating around 80% of total production
- ❑ **Recent use of new technologies to mitigate production decline**
- ❑ Largest hydrocarbon discovery in the past 30 years (Caragele) - to be brought on stream
- ❑ Offshore discovery in the Black Sea as well
- ❑ Important exploration potential from conventional and unconventional reservoirs.

Source: Romgaz, ANRE

# Company Overview

Last external audit (Dec-2017): Strong portfolio of resources and reserves, Good prospects

Gas Audited Reserves<sup>1</sup> and Contingent Resources<sup>2</sup> Dec 31, 2017 (bcm, % of total)

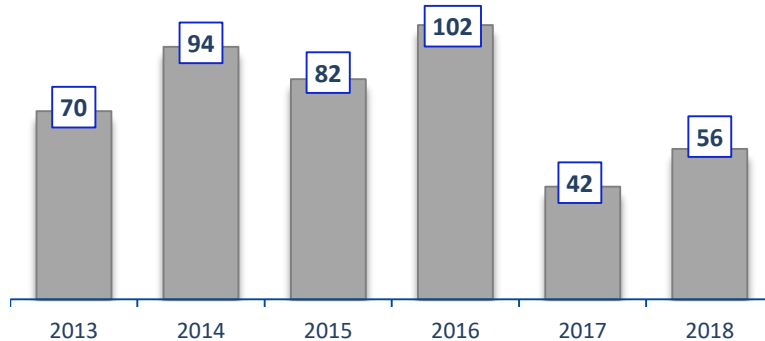


Last external audit of our gas reserves and resources was completed by US DeGolyer&MacNaughton as of Dec-2017.

**Main outcomes:**

- ❑ total C Resources +55% (78.4 bcm at end-2017 vs 50.5 bcm 2 years before)
- ❑ 5-year average RRR of 78% - well above our target of 70%.

Reserves Replacement Rates (RRR) (%)



- ❑ Maintaining and extending our gas reserves and resources represent a strategic priority !
- ❑ Our gas portfolio assures the sustainability of the gas production
- ❑ Diversification / improvement of the gas resources and reserves is achieved through:
  - New discoveries*
  - Enhancement of the recovery rate of the proved reserves*
- ❑ Recovery factors between 55% and 85% for most fields (90% in the more mature fields).

Source: External audit prepared by DeGolyer&MacNaughton USA, as of Dec 31, 2017

<sup>1</sup> Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves

<sup>2</sup> Application of any risk factor to contingent resources quantities does not equate contingent resources with reserves

# Exploration Activities

## Efforts undertaken to unlock the resource potential and secure production



First exploration programme agreed with the National Agency for Mineral Resources: 1997-2002

Further extensions by 2/5 years afterwards

**Our Exploration Programme in the 8 blocks was extended by additional 5 years:**

- ✓ Investment period: Oct 2016 – Oct 2021
- ✓ Total exploration area 16,296 km<sup>2</sup>
- ✓ Total value of over USD 289 mln (c. RON 1,100 mln).

- ❑ We have petroleum agreements for 9 onshore exploration blocks (about 17,650 km<sup>2</sup> across the Transylvania, Moldova, Oltenia and Muntenia basins), with 100% working interests
- ❑ Plus 1 petroleum agreement for offshore E&P in the Black Sea (with Lukoil).

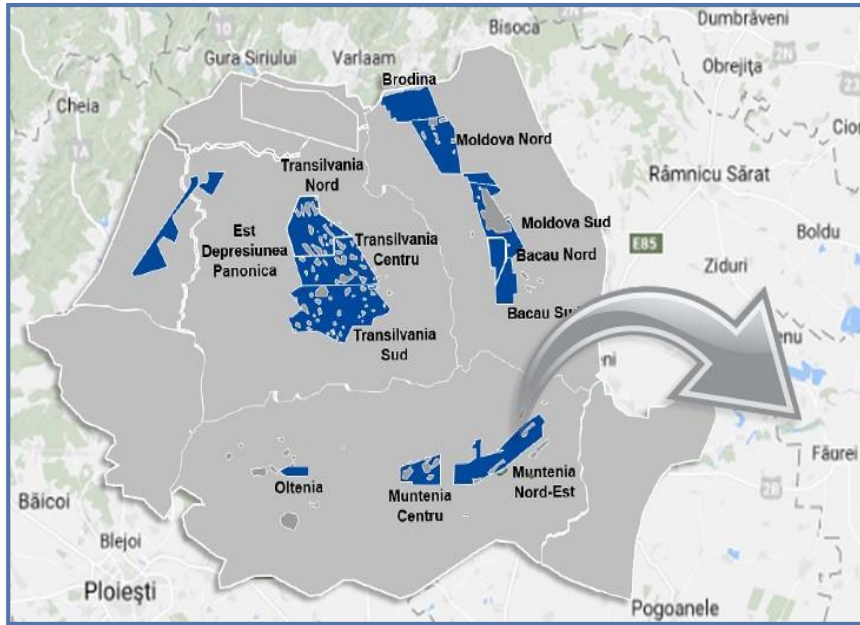
### Romgaz: Oct/2016 – Oct/2021 Exploration Program

Seismic activities	2D studies (km)	200
	3D studies (km <sup>2</sup> )	1,000
Drilling	No. of wells	43
	Drilling (meters)	113,000
Total investment value agreed (USD mln)		289



# Exploration Activities

## Significant discoveries of natural gas



### On-shore:

- **Largest hydrocarbon discovery in the past 30 years (June 2016):** located in NE of the Moesian Platform in **Caragele** structure
- Estimated contingent resource of 150-170 mln boe (25-27 bcm)
- The 35 km long Caragele structure has been explored for production units located at depths between 1500-5000 m
- We estimate the total amount still to be invested in Caragele discovery at around EUR 125 mln in order to bring the field into production (new exploration wells, collecting pipes, equipment and infrastructure).

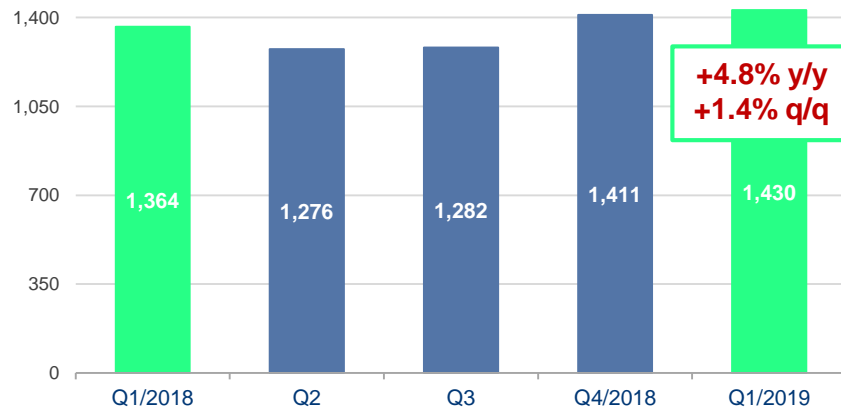
### Off-shore:

- Large discovery announced in the Black Sea, **Trident block** (Oct 2015): gas estimated contingent resource can exceed 30 bcm
- Current stage: new data assessment, geological background reanalysis and future appraisal wells design
- March 2018: SGM approved the increase of Romgaz working interest in the offshore exploration-development-production block EX-30 Trident to 12.2%.

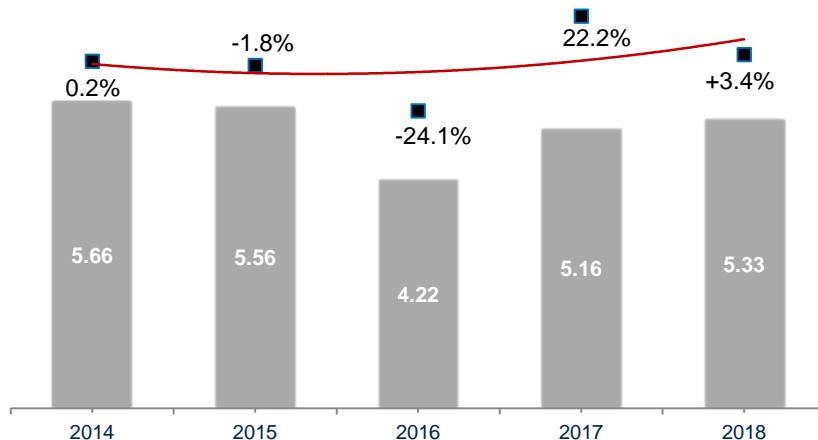
# Natural Gas Production

## Favorable developments in Q1/2019, natural decline already arrested to a large extent

Romgaz: Significant production level in Q4 (mln cm)



Romgaz: Annual Gas Production (bcm, y/y change)

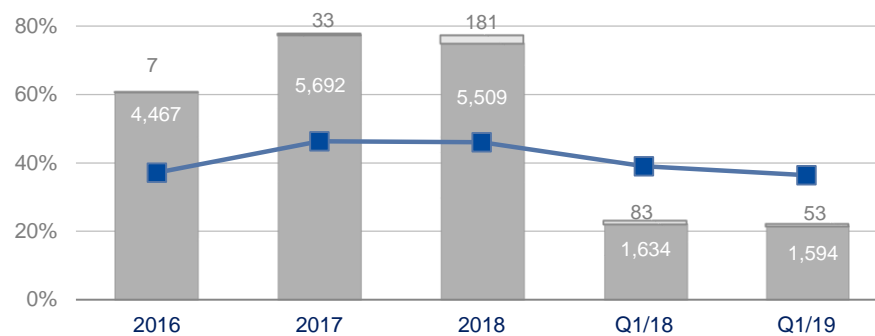


- **Q1/2019: natural gas production of 1.43 bcm, +4.8% compared to the same period of the last year – and +1.4% q/q**
- The good performance was mainly triggered by:
  - *higher production in Caragele commercial field by extending production infrastructure*
  - *achieving a 0% production decline for some mature fields through rehabilitation projects*
  - *restarting production of some wells through an overhaul programme*
  - *relocation of some compressors in order to optimise the exploitation process.*
- We succeeded to **arrest the Natural Production Decline** during the past years, mainly by: (a) production enhancement programmes in major fields; (b) development of the commercial field Caragele; (c) bringing on stream of new discoveries; (d) building of infrastructure gathering lines in the new discoveries; (e) wells workover programme
- **Favorable perspectives:** new wells in the commercial field Caragele to stream into production; other previous discoveries (e.g. Hodos, Tapu, Caragele) to enter the development stage.
- Ongoing production enhancement programme for the mature reservoirs.

# Gas Supply & Sales

## Q1/2019: Important market share in Romania's consumption, strong client portfolio as well

**Romgaz: Market share in domestic consumption (% , mln cm)**

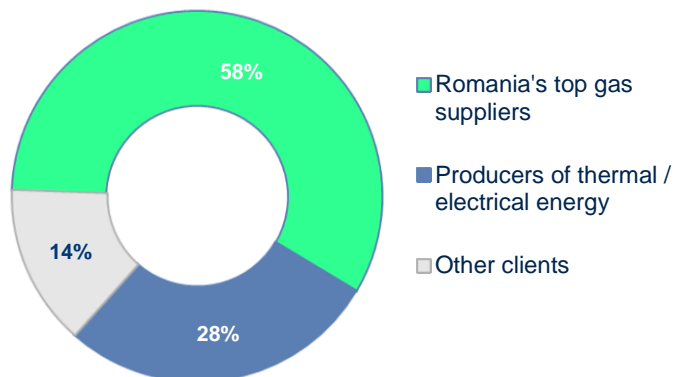


- Imports
- Production delivered (incl 100% Schlumberger, deliveries to Iernut/Cojocna), technological consumption, resold gas
- Market share in Romania's gas supplies

Sources: Romgaz, ANRE

- In Q1/2019, we achieved a market share of 36% of total gas deliveries in Romania, and continue efforts to enhance the sale strategy
- Considering only domestically-produced gas, we estimate a 43% market share in the domestic gas consumption !

**Romgaz: Portfolio of Clients** (quantities of gas sold, FY2018)



Portfolio breakdown reflects specific quarterly characteristics of gas demand

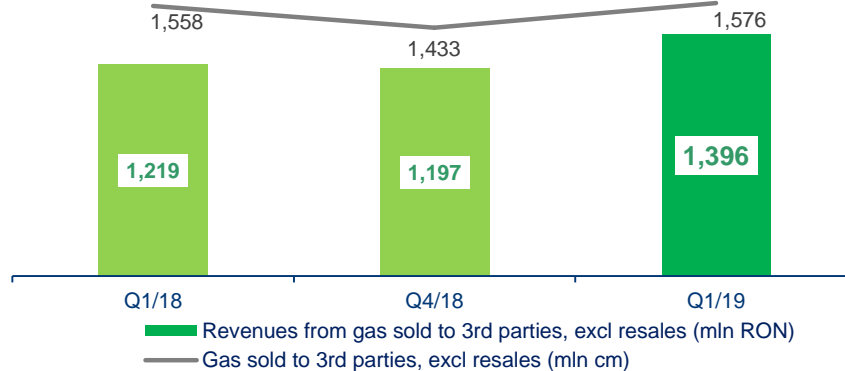
- We enjoy a strong portfolio of clients
- **Our gas trading strategy aims to:**
  - secure a balanced client portfolio
  - ensure price flexibility by trading on free markets
  - fulfill the domestic market demand.

# Gas Supply & Sales<sup>1</sup>

## Q1/2019: Strong gas sales to third parties, timely gas chain management

### Romgaz: Robust Gas Sales from production (revenues and volumes)

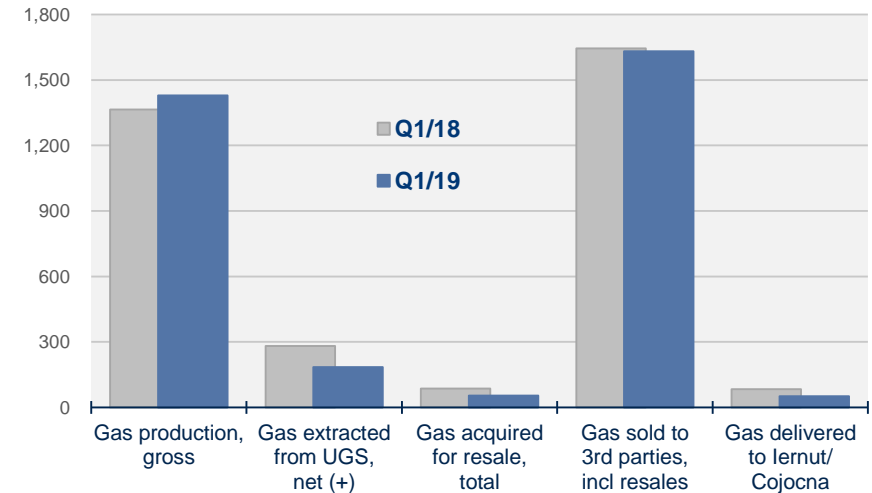
Q1/19: Gas Revenues from production +15% y/y, +17% q/q  
Volume Sales +1% y/y, +10% q/q



- ❑ Q1/19 vs to the same period of the previous year: Gas revenues to 3<sup>rd</sup> parties (excluding gas acquired for resale) +15%, on volumes sold +1%
- ❑ Q1/19 vs Q4: Gas revenues were +17%, on volumes sold +10%
- ❑ We continued efforts to improve the gas sale strategy
- ❑ Optimisation of our gas value chain is a priority !

<sup>1</sup> Consolidated figures, Q1/18 restated

### Romgaz: Gas Chain Management (mln cm) to meet seasonality and demand

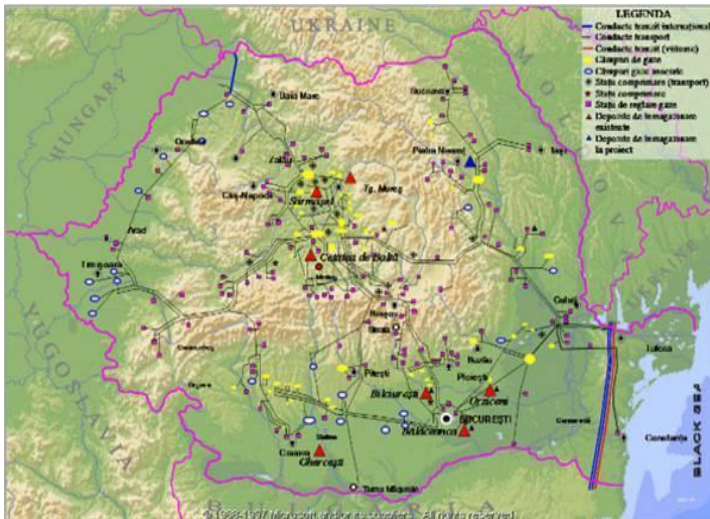


- ❑ Gas sales are accompanied by revenues from storage and electricity production & trade activities
- ❑ Management of gas flow from production to clients is important
- ❑ Gas sales are generally peaking in Q1 and Q4
- ❑ Quarterly deliveries to CTE Iernut are based on fluctuant energy demand.

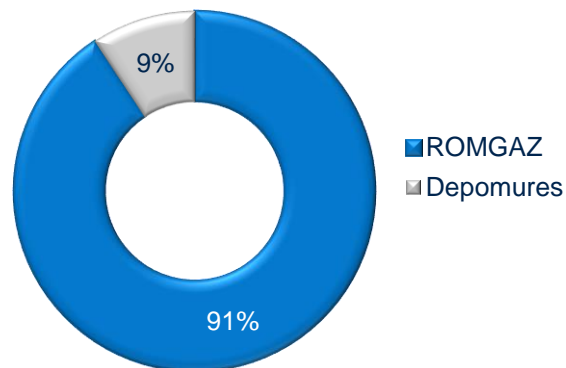
**UPSTREAM SEGMENT CONTRIBUTION: up to 94% in Revenue and in EBITDA (in Q1)**

# Underground Gas Storage

## Romgaz Group: Romania's Largest Operator of UGS (Underground Storage) facilities



ROMGAZ Group UGS Market share



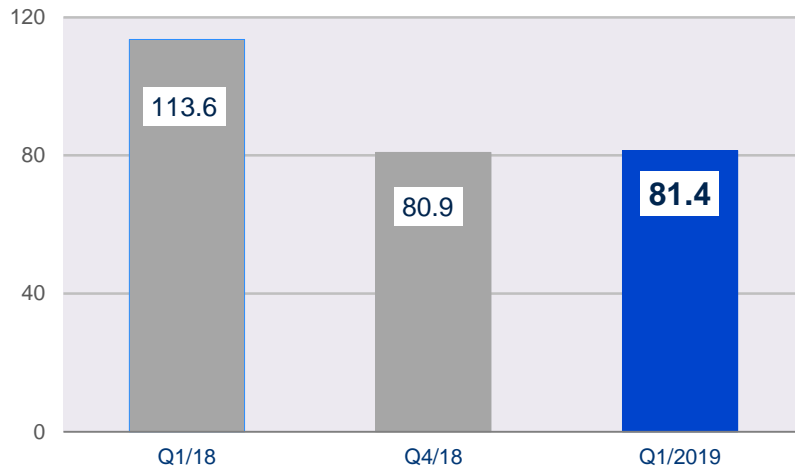
Romgaz Group: Underground Gas Storages at Q1/19 - working capacities (mln cm/cycle) -			
Bilciuresti	1,310	Cetatea de Balta	-
Sarmasel	950	Ghercesti	150
Urziceni	360	Balaceanca	50
<b>Total Working Capacity: 2,820 (starting Jan 1, 2019)</b>			

- ❑ At Q1/19, Romgaz Group has 5 operating facilities, with a total working capacity of 2.82 bcm. Romgaz also owns 40% of Depomures (0.30 bcm), a (former Gaz de France) JV with Engie
- ❑ Investment plans aim to extend the existing capacity and build a new one – in order to secure gas supply long-term
- ❑ Storage activity is regulated by ANRE using the revenue-cap methodology, royalties of 3% of operating revenues
- ❑ **Performed Investments:** we extended the storage capacity of Sarmasel (completed in July/2016) and Urziceni (completed in 2014)
- ❑ The UGS activity was separated into a distinct legal entity (DEPOGAZ) on April 01, 2018
- ❑ Starting with Jan 1st 2019, DEPOGAZ has ceased UGS activity at “Cetatea de Balta”.

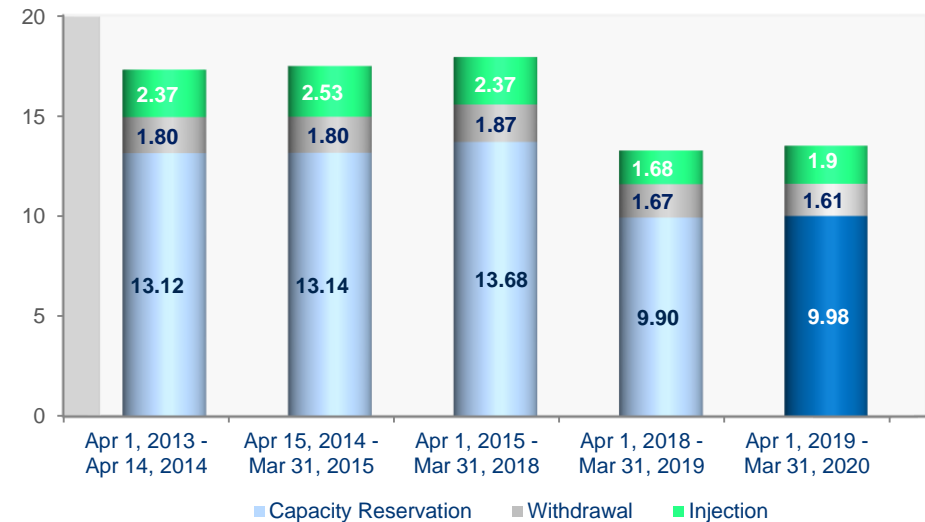
# Underground Gas Storage<sup>1</sup>

## Q1/2019 performance triggered by the lower tariffs

**Romgaz: Revenue from Storage Services (mIn RON)**  
- capacity reservation, withdrawal, injection -



**Romgaz: Regulated storage tariffs (RON/MWh)**



- ❑ Q1/2019: UGS revenues of RON 81 mln, slightly higher q/q, though -28% y/y
- ❑ Evolution mainly reflects the lower regulated storage tariffs enforced lately

- ❑ Separation of the UGS activity into a distinct legal entity became effective as of April 01, 2018
- ❑ Capacity reservation activity provides the bulk of the UGS revenues (roughly 80% in recent years).

<sup>1</sup> Consolidated figures, Q1/18 restated

**STORAGE SEGMENT CONTRIBUTION: 5% in Revenue and 4% in EBITDA (in Q1)**



# Electricity Production & Trading

## Consolidation of position on the Power Sector: Construction of a new power plant

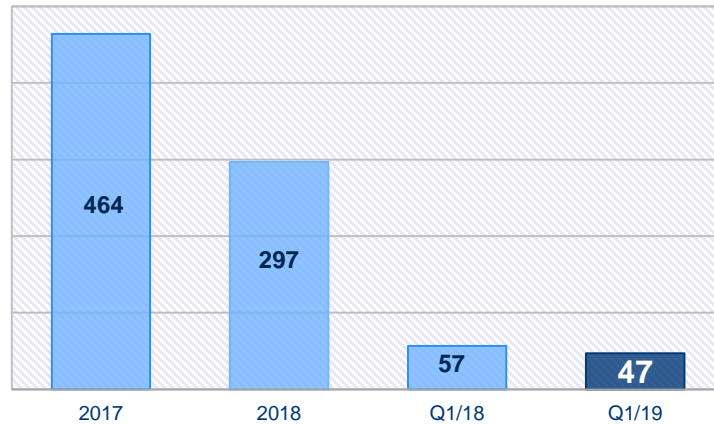
- **Gross electric power: 430 MW**
- **Gross electrical efficiency at nominal load: 56.4%**
- **CCGT Iernut benefits from a strategic positioning** – in the middle of the national electricity system
- **Main roles:** cover national power consumption by acting in the wholesale and balancing markets, ensure ancillary services to the national system, eliminate network constraints in NW Romania
- The Ministry of Energy has approved a non-refundable financing of 25% of the total eligible investment costs from the National Investment Plan
- The plant consists of:
  - 4 gas turbines*
  - 4 recovery boilers for steam production with 3 pressure levels*
  - 2 steam turbines*
- Foundation works were carried out and we delivered 4 gas turbines, 3 generators for gas turbines and other equipment.



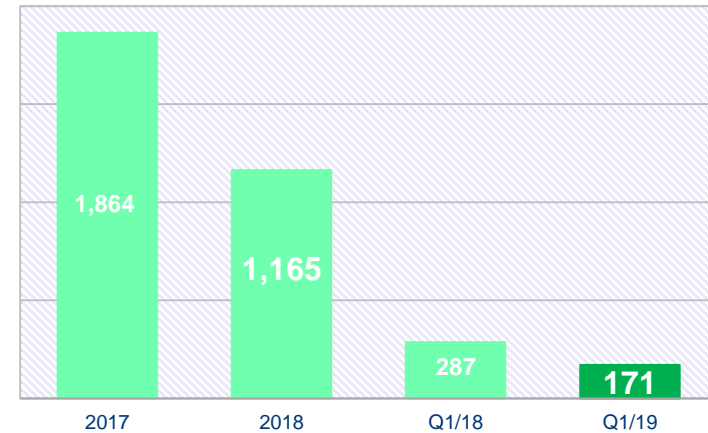
# Electricity Production & Trading<sup>1</sup>

Q1/2019: activity gradually lower to make room for the new plant

Romgaz: Revenues from Electricity (mln RON)



Romgaz: Production of Electricity (GWh)



- ❑ Q1/2019: Revenues from Electricity -17% y/y, on energy production -40% y/y
- ❑ Market share of 1.8% in 2018 in terms of electricity production.

- ❑ Lower installed capacity to make room for the new plant
- ❑ New power plant to start tests in Q2/20 !

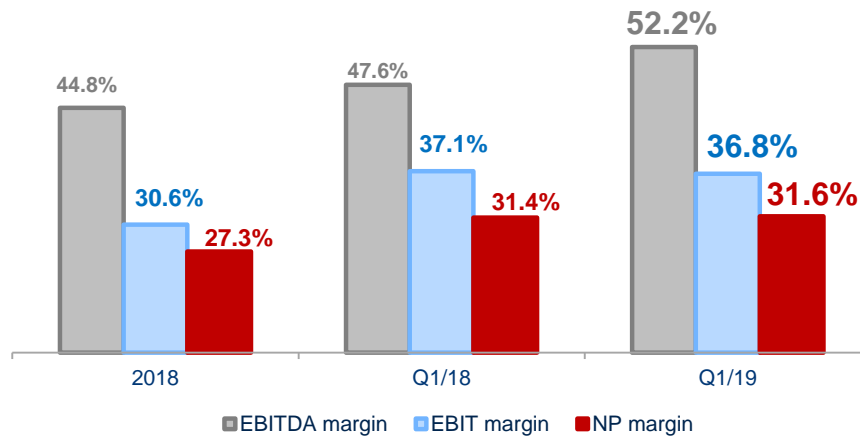
**ELECTRICITY SEGMENT CONTRIBUTION: 4% in Revenue and 1% in EBITDA (in Q1)**

<sup>1</sup> Consolidated figures, Q1/18 restated

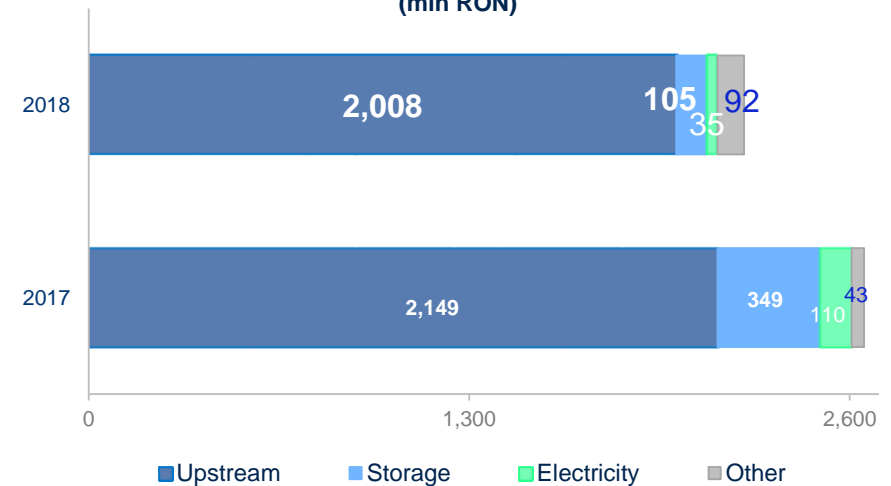
# Financial Performance<sup>1</sup>

## Q1/2019: Profitability margins have increased

Romgaz: Robust Profitability Rates\*



Romgaz: EBITDA by Segments in past years (mln RON)



- In Q1/2019, profitability margins are strong in spite of the unfavourable changes in regulation: *EBITDA of 52.2%, EBIT of 36.8% and Net Profit margin of 31.6%*
- The bulk of Revenues and EBITDA is generated by our core segment Gas Upstream (Exploration & Production).

<sup>1</sup> Consolidated figures, Q1/18 restated

# Financial Performance<sup>1</sup>

## Q1/2019: Revenues +15.6% y/y, NP +16.3% y/y, Elevated profitability rates

### Summary Q1/2019

Revenues - total	1,713 mln RON (↑16%)
EBITDA	894 mln RON (↑27%)
Net Profit	542 mln RON (↑16%)
NP margin	31.6%

□ Revenues posted a strong increase (+15.6% y/y), mostly based on sales from our gas production

□ Higher taxes were recorded as follows:

- windfall profit tax of RON 230 mln (Q1/18: RON 147 mln)
- gas&UGS royalties of RON 118 mln (Q1/18: RON 98 mln)

□ All in all, NP reached 542 mln RON, +16.3% y/y

□ Profitability margins were up as well

□ Asset impairments in FY2018: RON 142 mln (following an internal analysis of gas fields assets profitability) + RON 47 mln (for CTE Iernut planned closing down in 2020)

Million RON	2016	2017	2018	Q1/18	Q1/19	%ch
<b>Revenues - of which</b>	<b>3,412</b>	<b>4,585</b>	<b>5,004</b>	<b>1,482</b>	<b>1,713</b>	15.6%
Gas Production	2,667	3,512	3,978	1,219	1,396	14.6%
Gas acquired for resale	20	51	217	84	80	-4.9%
Storage	345	506	298	114	81	-28.3%
Electricity	336	464	297	57	47	-16.9%
Other services	28	34	189	4	98	2173.0%
<b>Other income</b>	<b>361</b>	<b>364</b>	<b>18</b>	<b>3</b>	<b>6</b>	
Cost of commodities sold	(50)	(61)	(245)	(86)	(77)	
Changes in inventory	21	(187)	(32)	(97)	(49)	-49.3%
Raw materials	(55)	(64)	(75)	(17)	(20)	19.5%
Exploration expense	(253)	(183)	(247)	(57)	(11)	-81.0%
Headcount expense	(498)	(563)	(621)	(124)	(136)	9.7%
Other gains and losses	(468)	(122)	(103)	(23)	(8)	-65.3%
Impairment losses on trade receivables*	-	-	(20)	(13)	(18)	45.2%
Associate's result share	-	1	1	1	1	
Other expenses	(882)	(1,102)	(1,409)	(357)	(502)	40.5%
<b>EBITDA</b>	<b>1,570</b>	<b>2,650</b>	<b>2,240</b>	<b>706</b>	<b>894</b>	26.6%
<b>EBITDA margin**</b>	<b>46.0%</b>	<b>57.8%</b>	<b>44.8%</b>	<b>47.6%</b>	<b>52.2%</b>	
<b>D&amp;A</b>	<b>(311)</b>	<b>(552)</b>	<b>(708)</b>	<b>(156)</b>	<b>(263)</b>	68.4%
<b>EBIT</b>	<b>1,259</b>	<b>2,097</b>	<b>1,532</b>	<b>550</b>	<b>631</b>	14.7%
<b>EBIT margin</b>	<b>36.9%</b>	<b>45.7%</b>	<b>30.6%</b>	<b>37.1%</b>	<b>36.8%</b>	
Net Interest income	22	22	53	11	11	-2.7%
<b>PROFIT BEFORE TAX</b>	<b>1,281</b>	<b>2,120</b>	<b>1,585</b>	<b>561</b>	<b>642</b>	14.4%
Income tax	(256)	(316)	(219)	(95)	(100)	5.1%
<b>NET PROFIT</b>	<b>1,025</b>	<b>1,804</b>	<b>1,366</b>	<b>466</b>	<b>542</b>	16.3%
<b>Net margin</b>	<b>30.0%</b>	<b>39.3%</b>	<b>27.3%</b>	<b>31.4%</b>	<b>31.6%</b>	

<sup>1</sup> Consolidated figures, Q1/18 restated

\* Separated from "Other gains and losses" due to the application of IFRS 15 in 2018

\*\* 2017: EBITDA margin of 52.7% if adjusted for the RON 244 mln one-off income

## Strong B&S Structure, Debt-free at end-Q1 2019

- **Debt-free Balance Sheet**
- **At Q1/2019, total cash position amounted to RON 1,973 mln** (cash, bank depos and govt's treasury bonds)

### Romgaz: Selected Cash Flow Items

Mln RON	2017 restated	2018 restated	Q1/2019
Net profit for the period	1,804	1,366	542
Operating Cash Flow before Δ WC and Income tax	2,957	2,537	912
Movements in working capital	104	(60)	(145)
Net Cash flows from operating activities	2,751	2,143	699
Net Cash flows from investing activities	(585)	814	(346)
Net Cash flows from financing activities	(2,220)	(2,617)	(0)
Net change in cash and cash equivalents *	(53)	340	353

\* This line reflects only the change in cash and cash equivalent (i.e. bank accounts with maturity lower than 3 months)

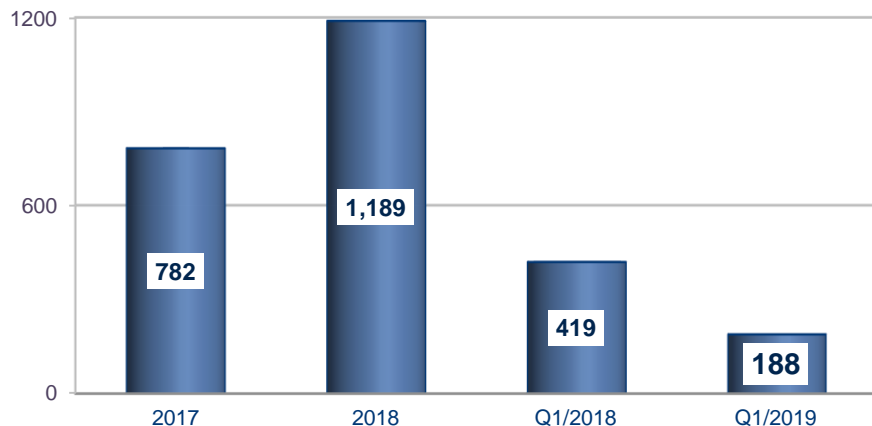
<sup>1</sup> Consolidated figures

### Romgaz: Selected Balance Sheet Items

Mln RON	Dec 31, 2016 restated	Dec 31, 2017 restated	Dec 31, 2018	Mar 31, 2019
<b>Total non-current assets, thereof</b>	<b>5,916</b>	<b>6,393</b>	<b>6,445</b>	<b>6,344</b>
Property plant and equipment	5,790	6,222	6,280	6,153
Investment in associates	21	23	23	25
Deferred tax asset	21	70	127	147
<b>Other financial assets</b>	<b>70</b>	<b>70</b>	<b>10</b>	<b>5</b>
Other assets (leasing related)				9
<b>Total current assets, thereof</b>	<b>4,721</b>	<b>4,526</b>	<b>2,690</b>	<b>3,414</b>
Inventories	576	390	246	197
Trade and other receivables	829	816	826	1,016
<b>Govt securities and bank depos (+3mo maturity)</b>	<b>2,894</b>	<b>2,787</b>	<b>881</b>	<b>1,053</b>
<b>Cash and equivalents</b>	<b>281</b>	<b>227</b>	<b>567</b>	<b>920</b>
Contract costs	-	-	0	0
Other assets	142	306	169	228
<b>Total assets</b>	<b>10,636</b>	<b>10,919</b>	<b>9,135</b>	<b>9,759</b>
<b>Shareholders' Equity</b>				
Share capital	385	385	385	385
Reserves	3,020	2,313	1,825	1,825
Retained earnings	5,970	6,277	5,458	6,000
<b>Total Shareholders' Equity</b>	<b>9,376</b>	<b>8,995</b>	<b>7,669</b>	<b>8,210</b>
<b>Non-current liabilities, thereof</b>	<b>314</b>	<b>802</b>	<b>670</b>	<b>675</b>
Provisions	194	682	510	509
<b>Current liabilities, thereof</b>	<b>947</b>	<b>1,142</b>	<b>796</b>	<b>873</b>
Trade payables	570	606	187	150
Contract liabilities	-	-	46	21
Current tax liabilities	60	129	68	119
Provisions	75	77	94	82
<b>Total liabilities</b>	<b>1,261</b>	<b>1,943</b>	<b>1,466</b>	<b>1,548</b>
<b>Total equity and liabilities</b>	<b>10,636</b>	<b>10,919</b>	<b>9,135</b>	<b>9,759</b>

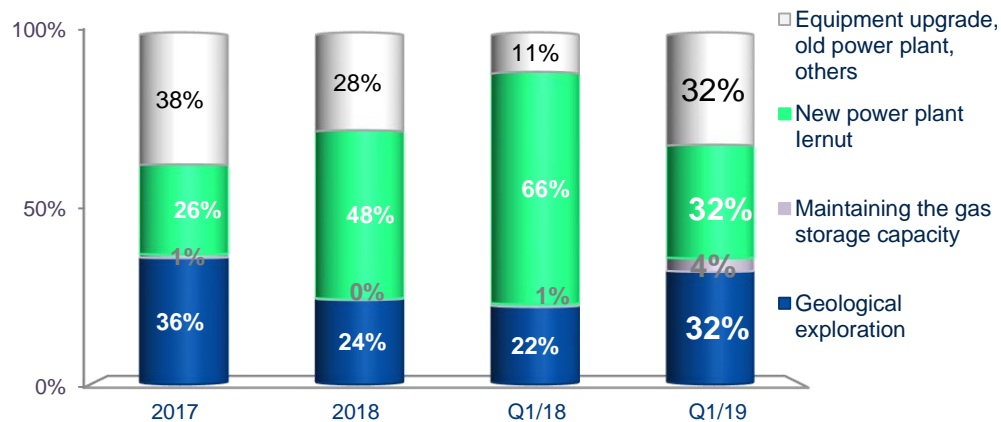
## Key role in the company's sustainable development - Q1/2019 developments

Romgaz: Capital Expenditures (RON mln)



- ❑ **Q1/19: capex stood at 188 mln RON**
- ❑ Q1 capex strongly influenced by lower investment budgeted for the new Iernut Power Plant
- ❑ Investments are financed from the company's own sources and from National Investment Plan for the new Power Plant

Romgaz: Breakdown of Investments



- We finalised drilling of 6 wells for a total 10,450 m in Q1
- We also performed modernization works for the production wells and infrastructure in operation
- For the new power plant Iernut, significant work is in progress
- We carried out preparatory activities for the new objectives.



## Strong Commitment for Business Development

### VISION

- Romgaz proposes to be an active, profitable and competitive player on the gas & electricity production market
- Romgaz has to pursue both an intensive development on the local market and an international development in order to become an important player on the regional energy market

Increase the gas resources and reserves portfolio.  
Discovery of new resources.  
Increase production efficiency of current resources

Consolidate the position on the energy supply markets.  
Integration on the renewable energy market

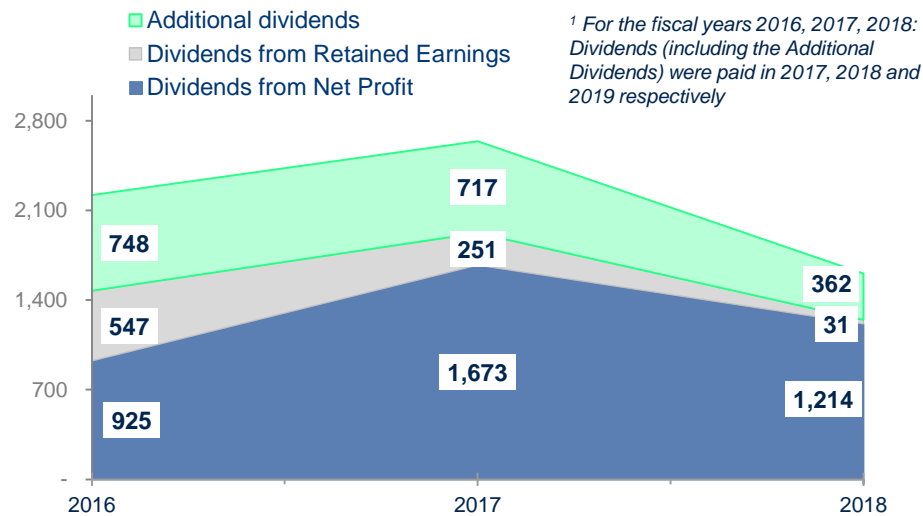
Create value for shareholders by developing new services and products

Business development by approaching new internal and international markets

# Dividend distribution

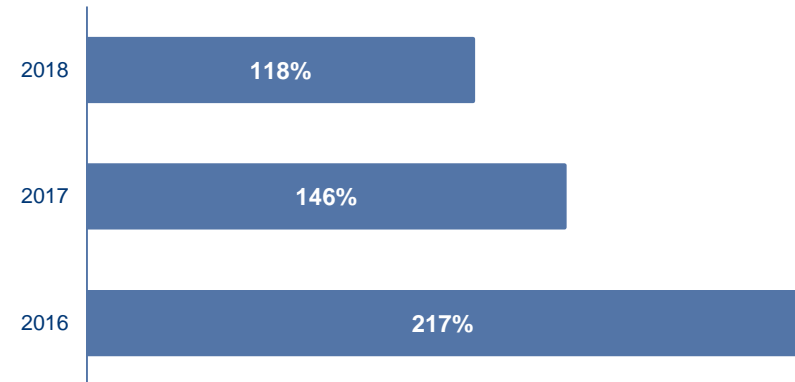
## Significant Dividends cashed-out to please investors

**Romgaz: History of Gross Dividend Distribution<sup>1</sup> (RON mln)**



**Romgaz: Gross Dividend Payout ratios\***

\* Payout ratios computed as:  
Total Gross Divids (incl Additional Divids) / annual Net Profit of the Group



- ❑ **Gross Dividends decided by the SGM on April 25, 2019: 4.18 RON / share in total (including the amount decided according to GEO no 114/2018)**
- ❑ Ordinance no 114/2018 requires majority-state owned companies to distribute min 35% of some equity reserves
- ❑ Majority state-owned companies are required to distribute at least 50% of the annual NP in the form of dividends to shareholders

# Romgaz – Investment Case



## Why to invest in Romgaz shares

<ul style="list-style-type: none"> <li>➤ <b>Operational excellence / robust margins</b></li> </ul>	<p>EBITDA margin of 52.2% in Q1/2019 EBIT margin of 36.8%, Net Profit margin of 31.6% as well</p>
<ul style="list-style-type: none"> <li>➤ <b>High dividend payout ratios to please investors</b></li> </ul>	<p>Gross Dividend payout ratio of 118% for 2018 (computed as Total Gross Dividends per 2018 Net Profit of the group)</p>
<ul style="list-style-type: none"> <li>➤ <b>Strong cash reserves</b></li> <li>➤ <b>Debt free B&amp;S</b></li> </ul>	<p>We are able to finance by ourselves the investment program Cash<sup>1</sup> / Mktcap =12% (share price at June10, 2019)</p>
<ul style="list-style-type: none"> <li>➤ <b>Among top gas producers in Romania and one of the largest in the region as well</b></li> </ul>	<p>Favorable market share in terms of gas production in Romania Main operator of the Underground Gas Storages in Romania Holder of large gas reserves among European countries</p>
<ul style="list-style-type: none"> <li>➤ <b>Strong base of gas reserves in Romania</b></li> </ul>	<p>Based on our investment policy, we intend to maintain the reserves level and the high RRR (avg of 78% during 2013-2017)</p>
<ul style="list-style-type: none"> <li>➤ <b>Expected opening of the export gas markets</b></li> </ul>	<p>Export markets will enlarge our client portfolio, with positive outcome on revenues</p>
<ul style="list-style-type: none"> <li>➤ <b>Important investment plans in Romania</b></li> </ul>	<p>Capex are generally focused on exploration - now we focus on building a new power plant to strengthen position on the electricity market; also we plan to diversify our investment portfolio in order to increase profitability</p>
<ul style="list-style-type: none"> <li>➤ <b>Prudent investment policy for projects abroad</b></li> </ul>	<p>Minority participations aimed to minimize the operational risk and to avoid the waste of our cash reserves</p>
<ul style="list-style-type: none"> <li>➤ <b>Strong management team, skilled workforce</b></li> </ul>	<p>Management team has significant expertise in the sector, headcount is strongly committed</p>

<sup>1</sup> considering all cash equivalents at March 31, 2019, consolidated figure

# The Board: Balanced Team of Professionals

**Ramona Ungur**  
Independent  
Chairperson



**Ramona Ungur** was elected chairperson of ROMGAZ BoD on May 14. She was previously appointed member for a 4-year mandate in July 2018. She is Board Member of Oil Terminal SA since 2017. Her experience also includes top positions in Banca Comerciala Romana (2010-2018) and Eximbank Romania (2008-2009).

**Adrian Constantin Volintiru**  
CEO



**Adrian Volintiru** was appointed member of ROMGAZ BoD for a 4-year mandate in July 2018. He previously was interim board member of Romgaz BoD since 2017 and also board member of Romgaz in 2013. Key positions include Secretary of State within the Ministry of Economy (2013-2014) and top management positions in companies like Vulcan, Marexin, Upetrom and Rompetrol. Adrian Volintiru holds an MBA at Harvard BS.

**Dorin Liviu Nistoran**  
Independent



**Liviu Nistoran** was Chairman of ROMGAZ BoD during July 2018 - May 2019, and was previously interim Chairman of Romgaz BoD since 2017. He is General Manager of Televoice Grup SRL (since 2009), was member of the Supervisory Board of Hidroelectrica SA (2017-2019) and also Deputy of the Parliament of Romania (2004-2008).

**Aristotel Marius Jude**



**Aristotel Jude** was appointed member of ROMGAZ BoD for a 4-year mandate in July 2018. His experience includes the positions of Secretary of State for the Ministry of Energy (2015-2017), Board member of Depomures SA (during 2010-2014) and of Amgaz SA (2009-2015). He had various management positions in SNGN Romgaz SA. He holds an MBA in Company Development.

**Remus Grigorescu**  
Independent



**Remus Grigorescu** was appointed member of ROMGAZ BoD for a 4-year mandate in July 2018 - from previously interim member of Romgaz BoD since 2017. He is Associate Professor, holding also other positions with "Constantin Brâncoveanu" University of Pitesti (since 2000). He holds a PhD in Economy.

**Romeo Cristian Ciobanu**  
Independent



**Romeo Ciobanu** was appointed member of ROMGAZ BoD for a 4-year mandate in July 2018 – and was interim member of Romgaz BoD since 2017. Romeo Ciobanu is Director of Politech (since 2016) and Professor at Technical University of Iasi (since 2000). He holds a PhD in Electronic Technology and Reliability, a PhD in Chemistry and Chemical Technology, and an MBA at Technical University of Iasi.

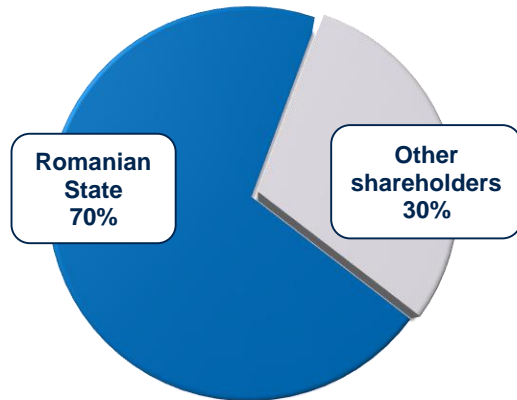
**Petrus Antonius Maria Jansen**  
Independent



**Petrus Jansen** was appointed member of ROMGAZ BoD for a 4-year mandate in July 2018. He held this position previously between 2015-2017. Petrus Jansen holds an MBA at NIMBAS, Utrecht, University of Bradford UK.

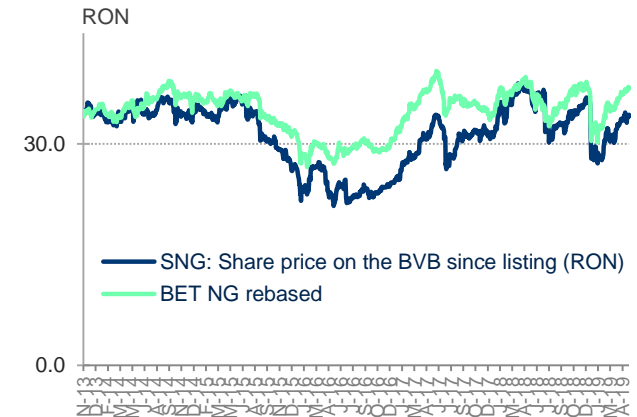
# Shareholding Structure and Stock Performance

Among blue-chips on the domestic capital market Romgaz



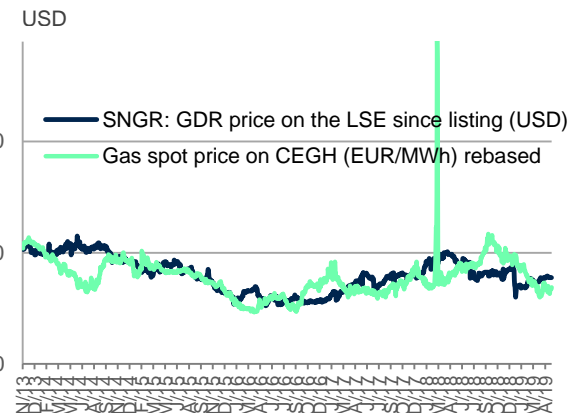
12M - Share Price Performance on the BVB		
Period	Min (RON)	Max (RON)
Q2/18	34.35	38.00
Q3/18	30.20	36.85
Q4/18	27.80	36.30
Q1/19	27.35	32.70

**12M Total Traded Value (Q1/18 – Q1/19):**  
**900 million RON or 0.7 million EUR/day**



- ❑ Shareholding structure: the Romanian State (Ministry of Energy) majority shareholder – 70%, Free Float - 30% (shares traded on the BVB and GDRs traded on the LSE)
- ❑ Romgaz ranks the **2<sup>nd</sup> largest** domestic stock traded on the BVB – mktcap of EUR 2.7 bn \*)
- ❑ The **3<sup>rd</sup> most traded** stock on the BVB \*)
- ❑ Included in BVB's main indices (weighing 29% in energy and utilities BET-NG index, and between 10%-12% in BET, BET-XT, BET-TR, ROTX)
- ❑ Included in main global indices with allocation on Romania (such as FTSE, MSCI, S&P, STOXX, Russell Frontier).

Total no of shares: 385.42m



\*) Based on the trading price on May 13, 2019, and on BVB's past 6m/12m trading statistics

# THANK YOU FOR YOUR ATTENTION !



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## Financial Calendar 2019

- May 15: Release of the Q1 2019 Financial Results  
Confcall with financial analysts & investors
- Aug 14: Release of the H1/Q2 2019 Financial Results  
Confcall with financial analysts & investors  
Press Conference
- Nov 14: Release of the 9M/Q3 2019 Financial Results  
Confcall with financial analysts & investors