



# ROMGAZ

**Q2/H1 2021 Results / Group Overview**

**August 2021**

<https://www.romgaz.ro/en/sumar-rezultate-prezentari-investitori>



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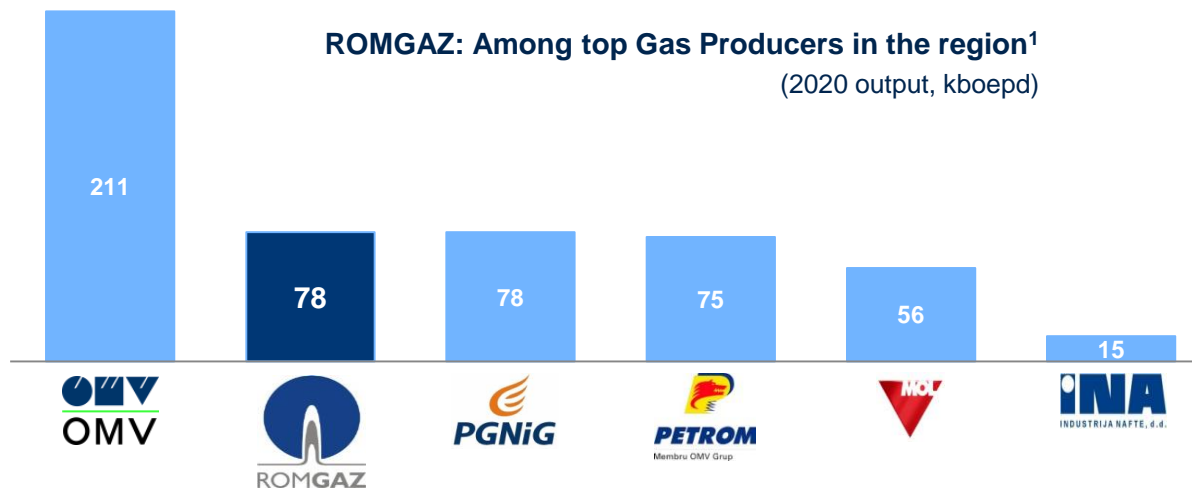
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All figures included in this presentation are rounded ("round to nearest" method).

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# Gas market overview

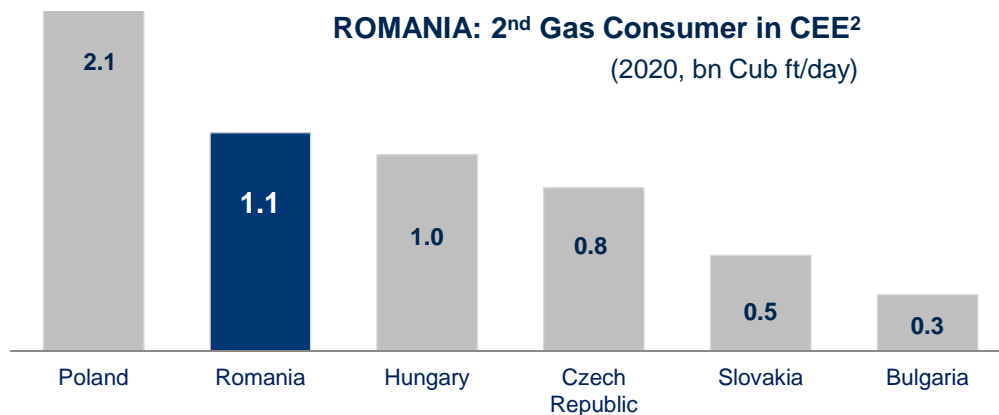
## Romania: among TOP gas consumers & producers in the region



Source:

<sup>1</sup> Companies' reports, Romgaz computation, Petrom: Romania+abroad, OMV excluding Petrom.

<sup>2</sup> CEIC Data;



Natural gas - important clean source of energy.

In the region:

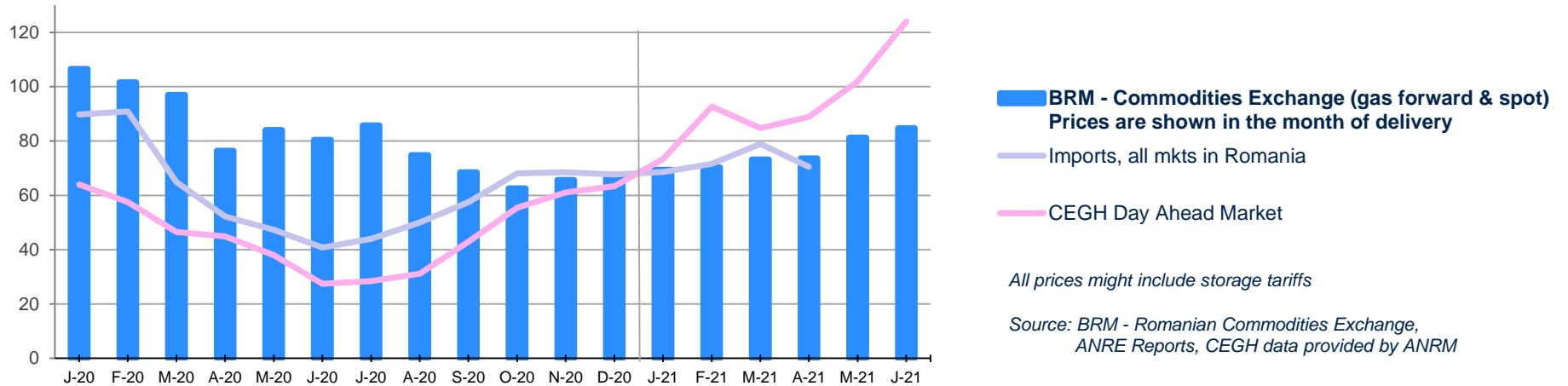
⇒ **ROMGAZ – important gas producer**

⇒ **ROMANIA – among top gas consumers in CEE !**

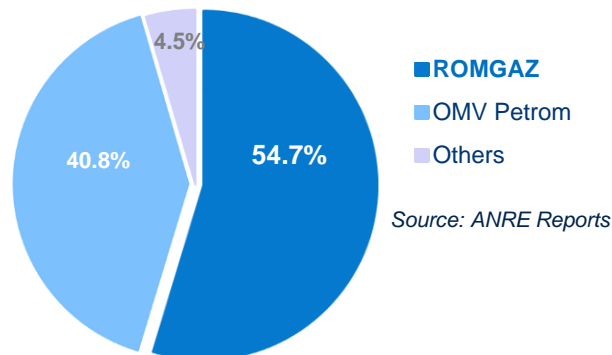
# Gas market overview

## Romania: Prices on the Commodities Exchange 2020/2021, Market structure

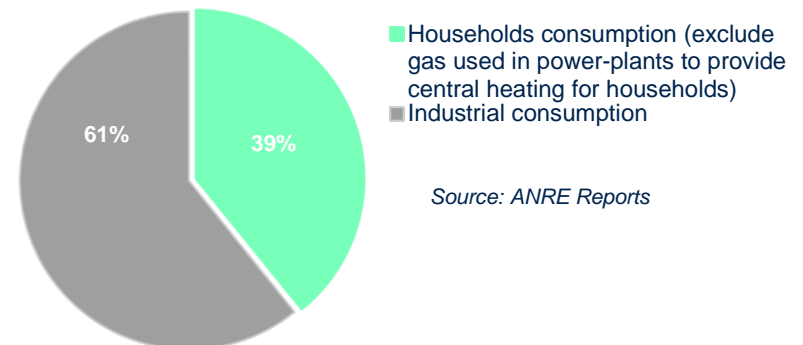
Natural Gas Prices on BRM, Imports and CEGH (RON/MWh)



Gas producers in Romania (4M/2021)



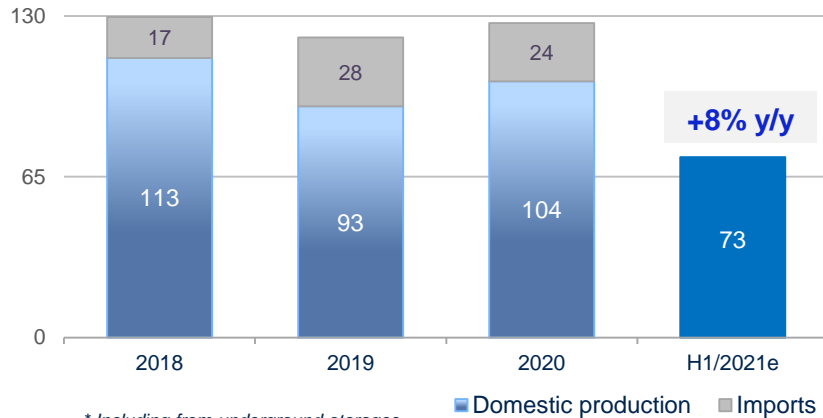
Final Consumption in Romania (4M/2021)



# Gas market overview

## Romania: Total Gas consumption estimated higher y/y in H1/2021

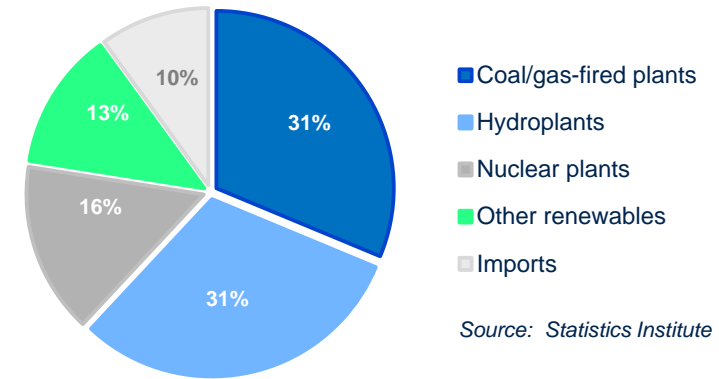
Total Natural Gas Consumption\* (million MWh)



\* Including from underground storages

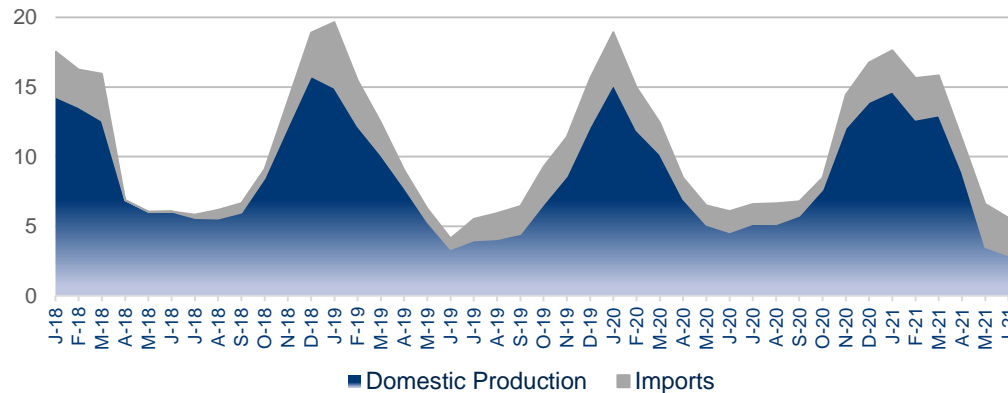
Source : ANRE Reports, Romgaz estimate for May-June 2021

Mix of Energy Resources (6M/2021)



Source: Statistics Institute

Seasonality of Gas Consumption (million MWh)



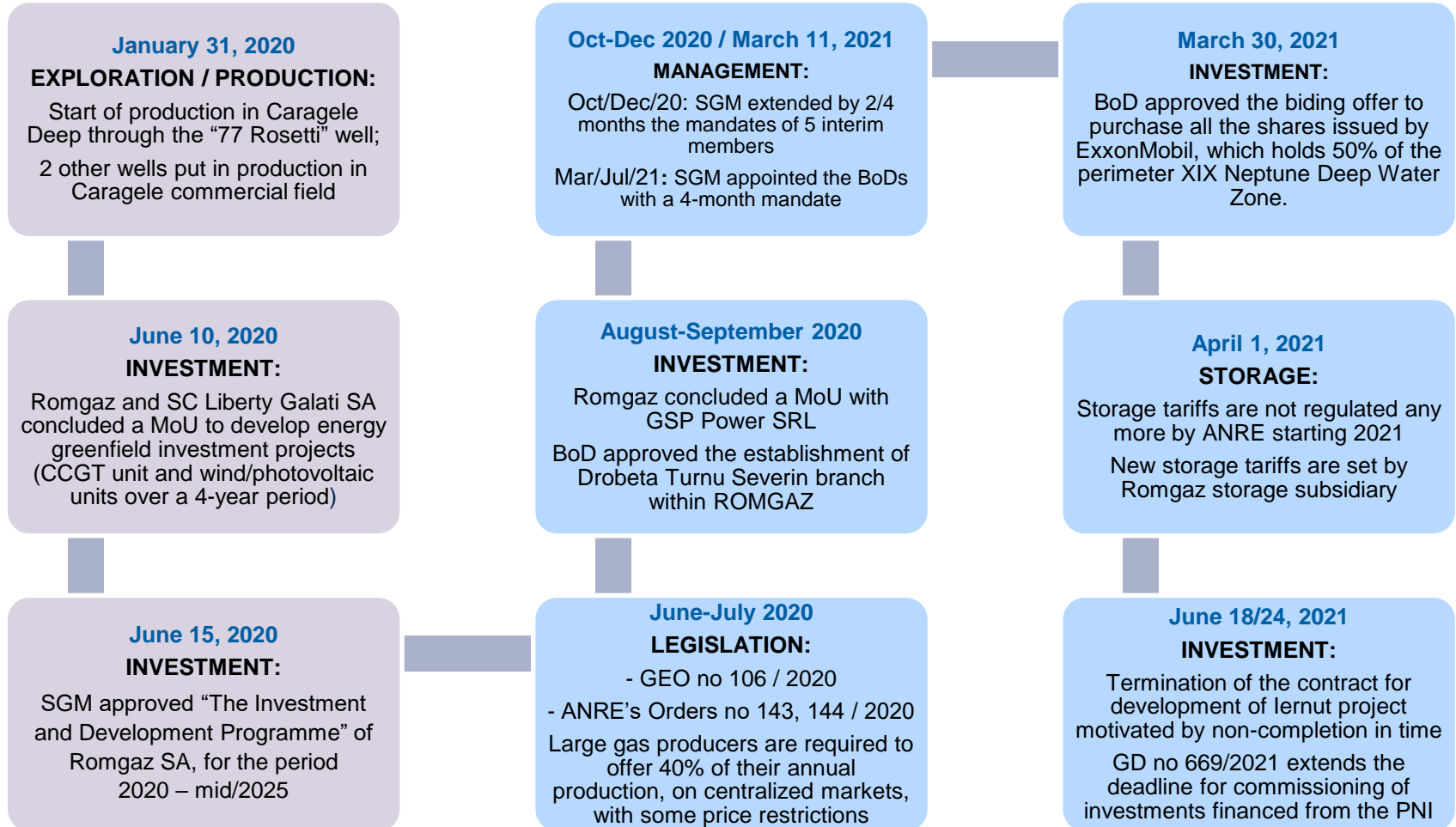
Source: ANRE Reports,  
Romgaz estimates for May-June 2021



# ROMGAZ Group: Highlights of events



## Selected Events – relevant for our activity



# ROMGAZ Group: Highlights regarding legislation

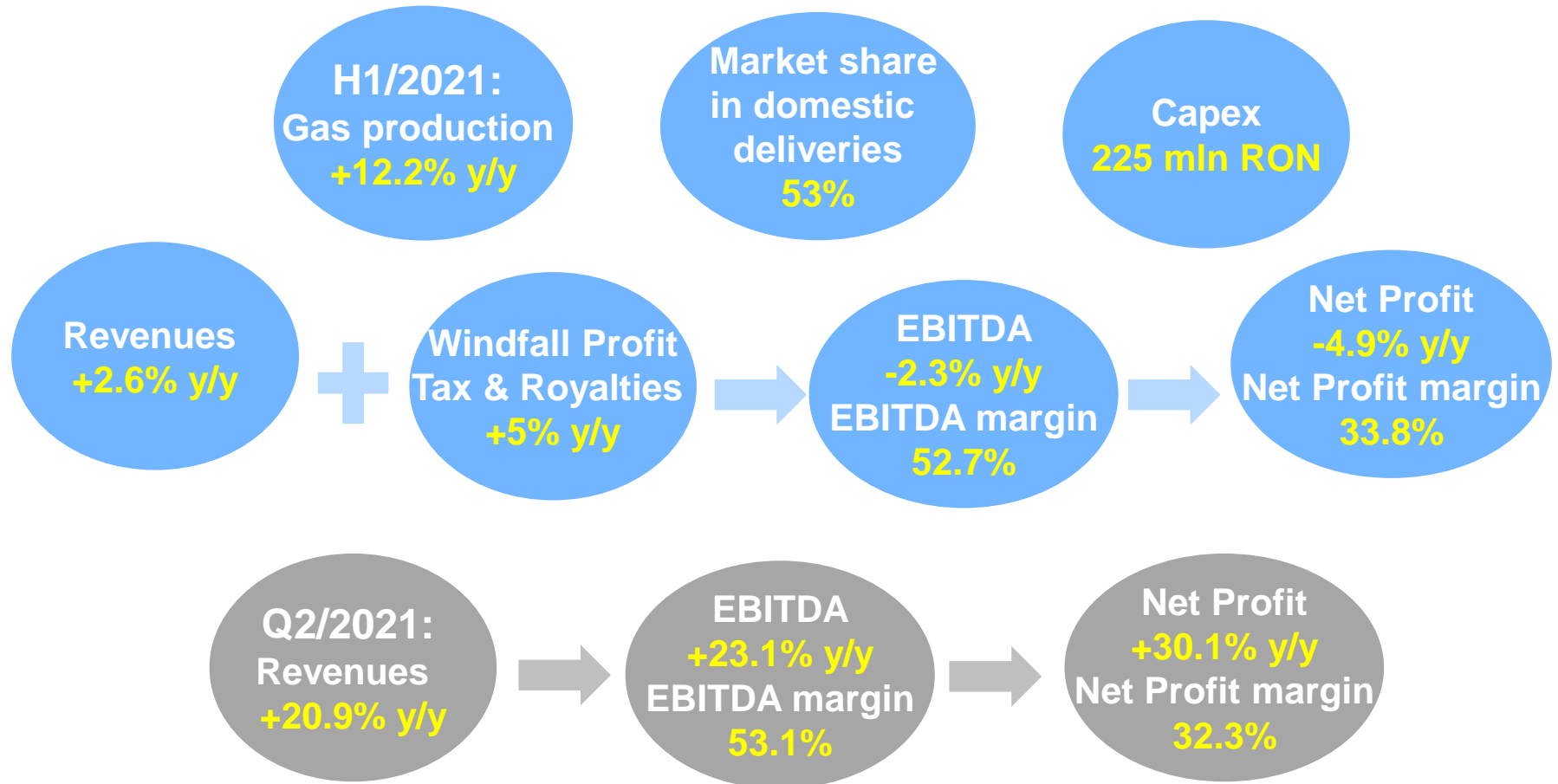
## Fiscal framework in place - with impact on Group's operations

- **GEO no. 106 / June 2020, ANRE Orders no. 143 and 144 / July 2020:**
  - Large gas producers are required to offer on centralized markets around 40% of the previous year gas production, with a discount of at least 5% from the average price of the previous 60 days of the standardized products – until end-2022
  - Gas quantities to be set by ANRE for each large gas producer
- **GEOs no. 1 / Jan 2020, no. 19 / March 2019 and no. 114 / Dec 2018 – main provisions for the gas & electricity market include:**
  - Regulated gas prices for the volumes sold by gas producers to HHs and assimilated consumers, capped at RON 68/MWh – during May 2019 and until June 30, 2020;
  - Regulated electricity prices for households - during May 2019 and until Dec 31, 2020;
  - For 2019 until early-Jan 2020: a 2% fee on gas and power revenues or on profit from resales, with deductions;
  - In 2019, dividend distribution of 35% of the end-2018 equity reserves, if distribution did not impact capex plan and was available as cash.
- **Windfall profit tax - includes an additional 80% tax on producers' gas additional revenues for the selling price portion exceeding RON 85/ MWh (since April 1, 2018).**



# ROMGAZ Group: Highlights for H1/Q2 2021

Favorable performance considering the current environment



## Safety Measures against COVID-19 pandemic to protect employees and business

### We are a Strategic Company – business continuity and employees safety are priority

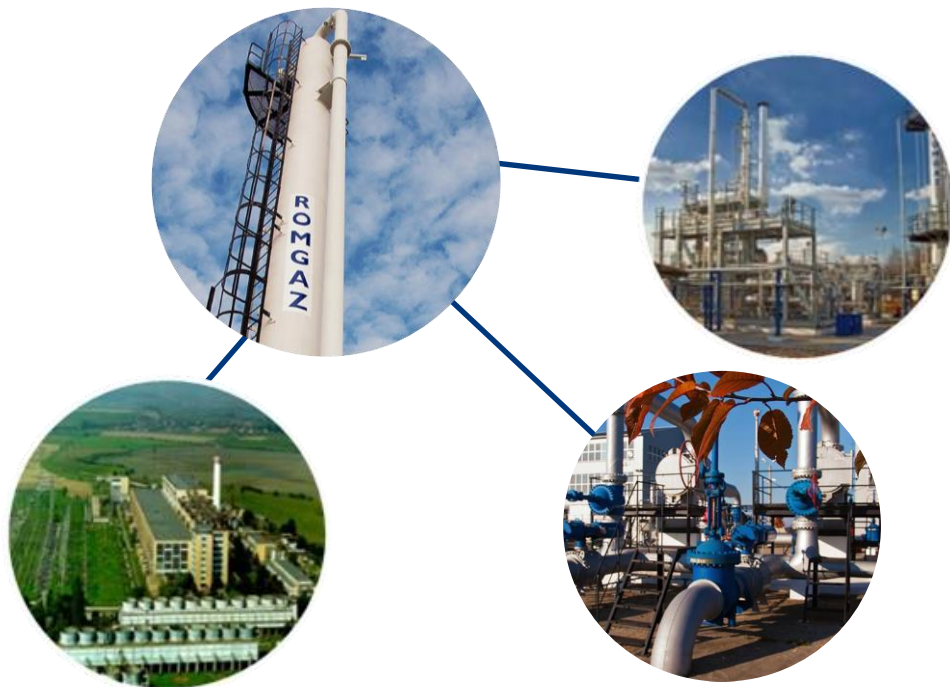
- ❑ **“Working Group” established in March 2020, with the purpose to ensure employees’ safety and business continuity and development**
- ❑ Strong measures to ensure production and investments security
- ❑ Safety measures - with possibility to be prolonged / amended / stopped if necessary
- ❑ Supporting vaccination of employees
- ❑ Efficient sanitary measures still in place
- ❑ Teleworking until May 2021, applied with flexibility within organization
- ❑ Activity temporary adjusted in some departments during 2020, organizational measures periodically revised.

### “Together for Romania” 2020-2021

Romgaz is involved and actively supports the fight against Covid-19 pandemic with the following main actions:

- ✓ In H1 2021, sponsorships amounted to RON 8.4 mln in total, and targeted health, education, social and sport activities – including anti-Covid support
- ✓ Supports the Red Cross Romania financially and with an information and prevention campaign
- ✓ Financial aid for the Municipal Hospital Medias to equip the Intensive Care Unit
- ✓ Financial aid for the Emergency Clinic Hospital Sibiu to extend and develop the Intensive Therapy and Anesthesia Unit
- ✓ Financial aid for other Emergency Hospitals, such those in Alba, Slatina, Vaslui and Tg Mures.

## Major Producer and Supplier of Natural Gas, Operator of UGS 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

- 8 exploration blocks (Romgaz - 100% working interest) - significant onshore and offshore exploration potential, important discoveries and enhancements made lately
- **Among top gas producers in Romania** (output of 2.5 BCM in H1/2021, 4.5 BCM in 2020)
- Significant market share in the total gas supply in Romania.

### Underground Gas Storage

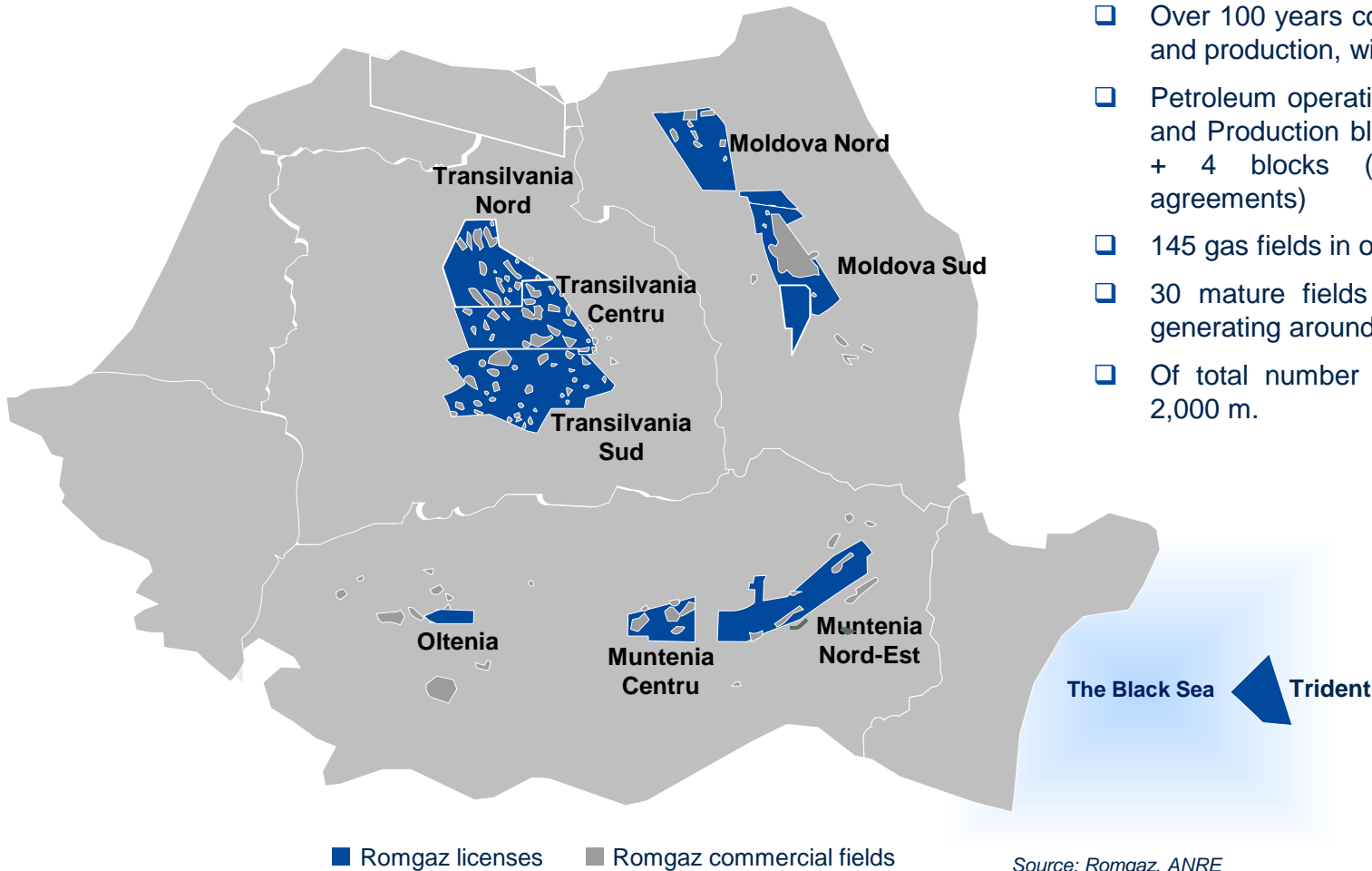
- Working capacity: 2.77 bcm at end-June 2021
- Important investments to secure the gas supply
- **Market share of 94% in Romania**
- Regulated activity

### Electricity Production

- **New power plant in construction (430 MW)**
- Old power plant adjusted operations
- Market share of 1.7% in terms of production in 2020.

# Group Overview

## Major Producer and Supplier of Natural Gas in Romania – general picture



- ❑ Over 100 years continuous history in gas exploration and production, with a well established infrastructure
- ❑ Petroleum operations in 8 Exploration, Development and Production blocks (operator with 100% interest) + 4 blocks (co-titler holder in concession agreements)
- ❑ 145 gas fields in operation
- ❑ 30 mature fields (over 30-year old) are currently generating around 80% of total production
- ❑ Of total number of wells, 26% are located below 2,000 m.

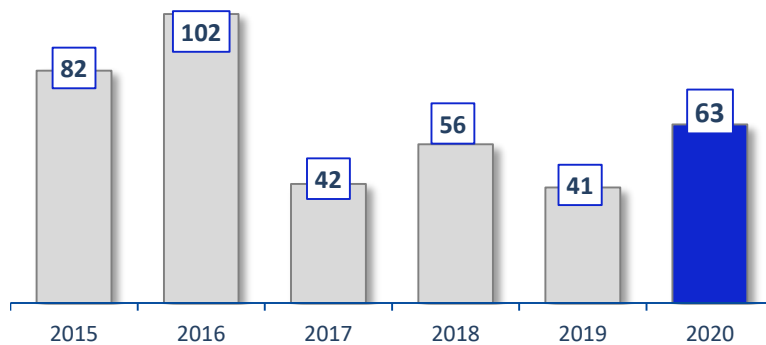
- **Recent use of new technologies** to mitigate production decline
- **Largest hydrocarbon discovery in the past 30 years (Caragele)** – in process to be brought on stream
- **Offshore discovery (LIRA)** in the Black Sea as well.

Source: Romgaz, ANRE

# Group Overview

## Significant portfolio of reserves and resources – Next independent audit

Reserves Replacement Ratios (RRR) (%)



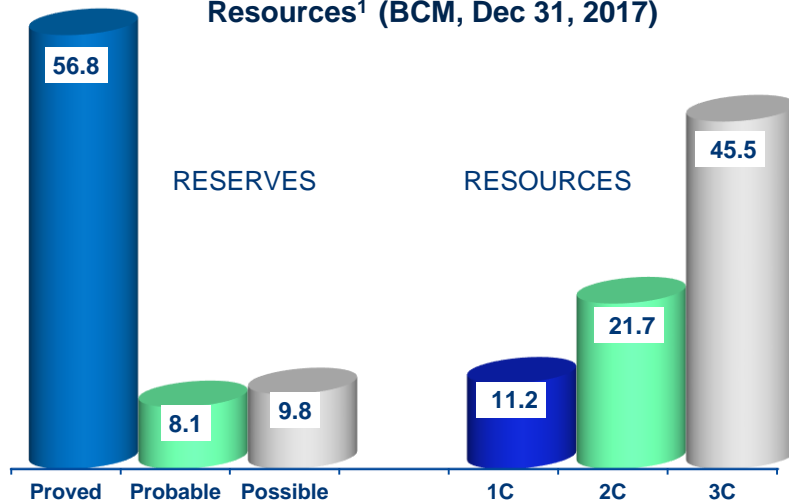
### ❑ An assessed a RRR of 63% for 2020

❑ RRR is mainly due to revaluation of commercial fields (updates of reserves and resources assessment studies) and by completion of investments in infrastructure for commissioning production facilities that allowed new fields to be brought into production

❑ 2.3 BCM added to Contigent Resources in 2020.

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

Audited Gas Reserves and Contingent Resources<sup>1</sup> (BCM, Dec 31, 2017)



### Next independent audit

❑ We launched the procedure for selection of an independent auditor of our gas reserves and contingent resources.

<sup>1</sup> External audit prepared by DeGolyer&MacNaughton USA, as of Dec 31, 2017

1C Contingent Resources include developed proved reserves with exploitation programme after Dec 31, 2042 (which is the expiration date for ongoing concessions)

# Exploration Activities

## Q2/H1 2021: Current Development of our natural gas discoveries

**Q2/2021: We continue the efforts to add new resources and reserves to our portfolio:**

- ❑ **Drilling completed for 2 exploration wells in Q2**, 1 well is abandoned and 1 confirms the extension of a previously discovered accumulation, another well is in operation
- ❑ **Tests completed for 2 exploration wells in Q2**, 1 well is abandoned and 1 confirms a new discovery of hydrocarbons
- ❑ **Well “77 Rosetti”** continues the drilling operations to exploration targets after successfully confirming the evaluation target of the 77 Rosetti discovery, by logging and openhole formation testing (**Caragele-Deep discovery**)
- ❑ **Waiting for Governmental approval for the exploration extension (2021-2027), negotiated with National Agency for Mineral Resources (NAMR).**

**Overall:** Concession Agreements in 8 onshore blocks for petroleum operations for 30 years, since Oct 1997

Plus 1 petroleum agreement for offshore E&P in the Black Sea (with Lukoil)

### ON-SHORE:

- **CARAGELE DEEP: Ongoing exploration efforts to unlock the full potential of the project**, both in terms of exploration and evaluation of previously discovered resources.
- **Current stage:**
  - **“77 Rosetti” well has confirmed its potential during the test production period and has been put into long term production**
  - Another well has been awarded to drilling contractor
  - 5 wells are waiting for targets contingency confirmation and resuming of procedure to select the drilling contractor.

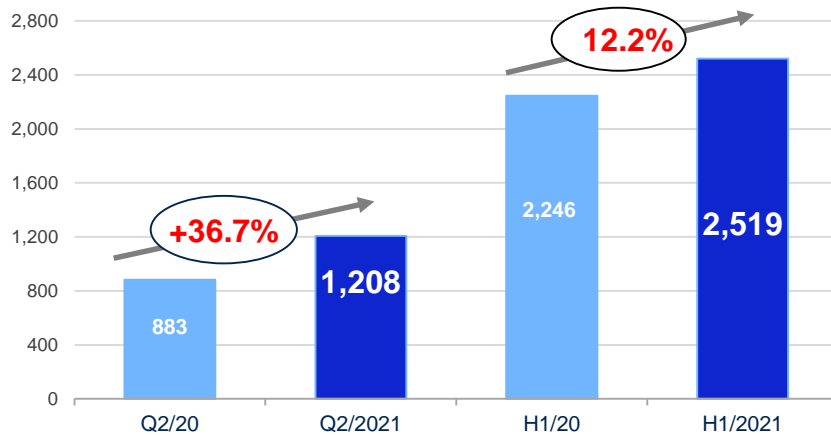
### OFF-SHORE:

- **TRIDENT BLOCK:** 12.2% working interest
- **Current stage:**
  - **In progress** – preparations for seismic reprocessing contracting
  - Actively pursuing exploration extension negotiations with NAMR for Lira discovery resource evaluation programme, in order to justify development decision.

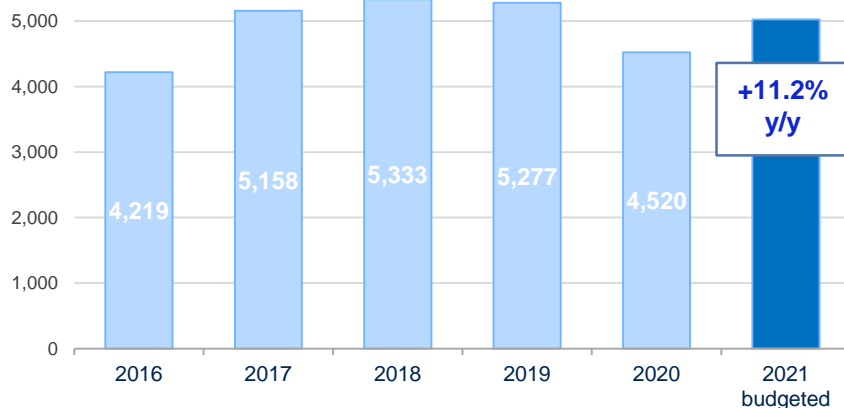
# Natural Gas Production

## Q2/H1 2021: Strong performance y/y, Potential of output - consolidated

Romgaz: Strong Production levels in Q2/H1 (MMCM)



Romgaz: Annual Production consolidated (MMCM)



### Q2/H1 2021: Production recovery continued

- ❑ Output in H1 - in line with the budget (99.5% achieved)
- ❑ Production significantly up - both in Q2, and in full H1.

### Main investments included:

- ✓ 1 production well drilled, 2 wells - in drilling acquisition process
- ✓ 5 surface facilities finalized, 30 - in different stages of execution
- ✓ Recompletion, reactivation and repairs for 75 wells.

### Potential of gas production – consolidated

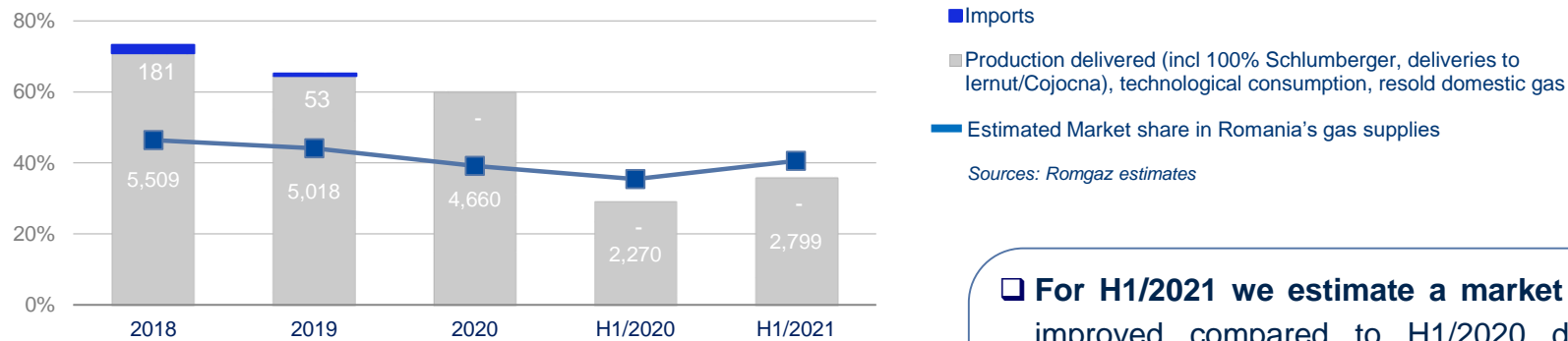
- ❑ Previous investment efforts to extend and modernize the surface infrastructure were successful and targeted:
  - (1) previous discoveries to enter production/commercial stage
  - (2) increase output in current blocks such as Caragele
- ❑ Overhaul and intervention operations resulted in reactivation of certain high-flow wells
- ❑ We continue rehabilitation programmes in main mature fields
- ❑ We continue optimisation of wells operation by using modern technique to eliminate accumulated water, to monitor operation parameters such as pressure / flows, and minimal invasive technology for repair / intervention operations.



# Gas Supply & Sales

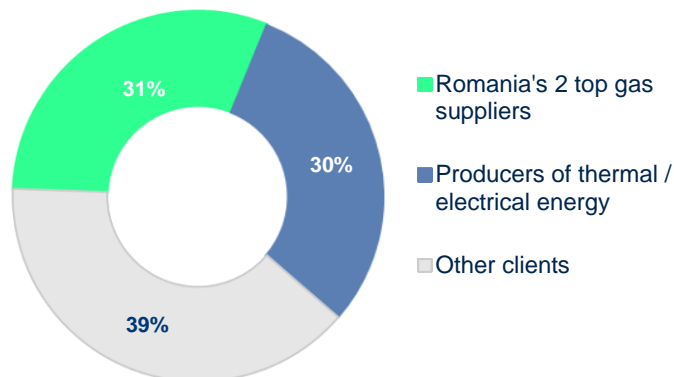
## H1/2021: Significantly higher market shares in natural gas deliveries

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



- ❑ For H1/2021 we estimate a market share of c. 41% - improved compared to H1/2020 due to higher gas volumes delivered
- ❑ We estimate a market share of 53% in deliveries from domestic production in H1/2021 – higher compared to the same period of the previous year by around 8.6%.

**Romgaz: Top Clients in our portfolio** (quantities of gas sold, H1/2021)



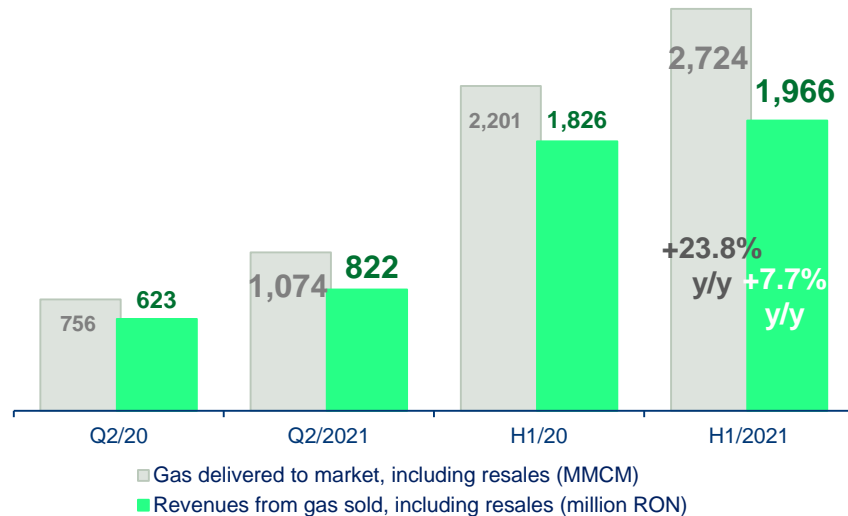
Portfolio breakdown reflects specific quarterly characteristics of gas demand

- We enjoy a strong portfolio of clients
- Our gas trading strategy aims to:
  - secure an optimal client portfolio
  - fulfill the domestic market demand
  - improve price flexibility.

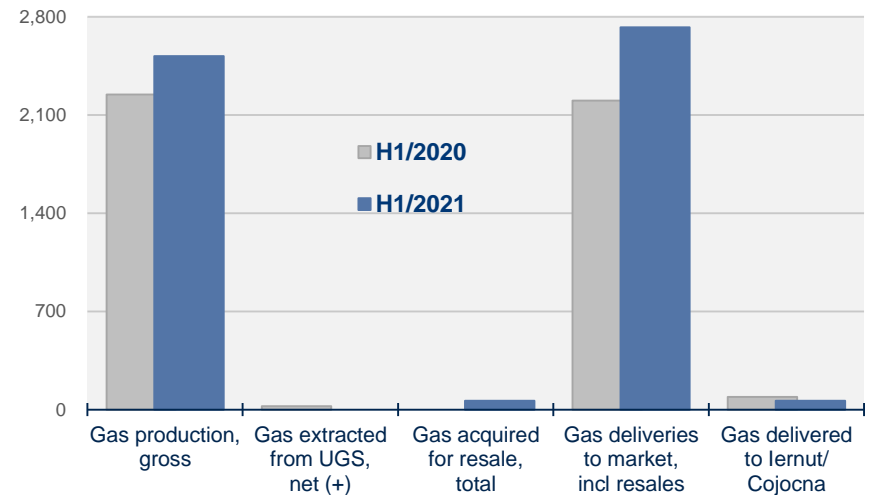
# Gas Supply & Sales

## Q2/H1 2021: Strong revenues and volumes delivered

Romgaz: Gas Sales (including resales)  
- revenues and volumes -



Romgaz: Gas Chain Management (MMCM) to meet seasonality and demand



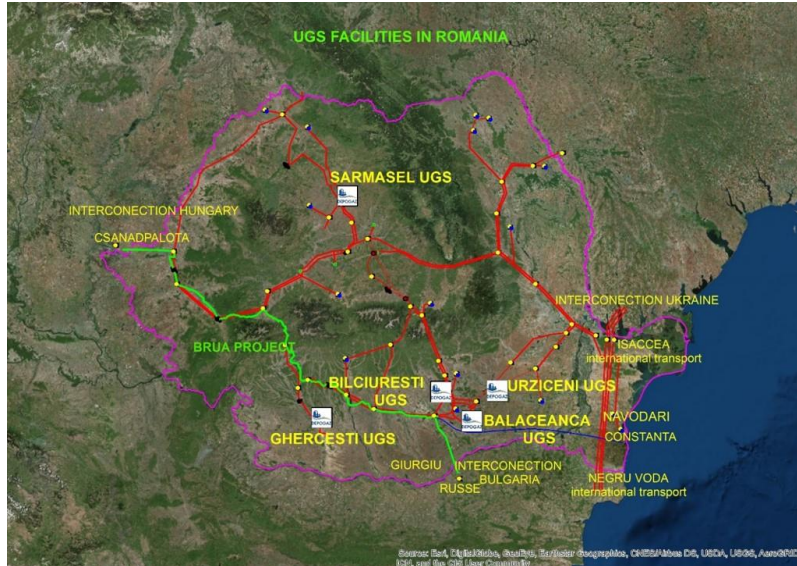
- ❑ We recorded strong sales both in Q2 and overall in H1
- ❑ H1/2021: Revenues from gas sold (including gas acquired for resale) +8%, on total volumes delivered +24% y/y
- ❑ Q2/2021: related Revenues +32%, on volumes delivered +42% compared to the same period of the previous year

- ❑ Management of gas flow from production to clients is important
- ❑ Gas sales are generally peaking in Q1 and Q4
- ❑ Optimisation of our gas value chain is a priority
- ❑ We make continuous efforts to improve the gas sale strategy

**UPSTREAM SEGMENT CONTRIBUTION in H1/2021: 93% in Revenue and 95% in EBITDA (consolidated)**

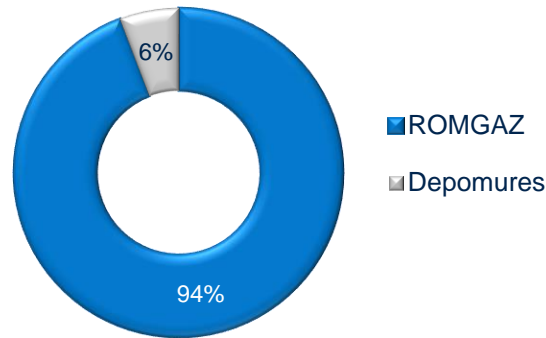
# Underground Gas Storage

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



Romgaz Group: Underground Gas Storages at end – June 2021 - working capacities (MMCM/cycle) -			
Bilciuresti	1,310	Ghercesti	150
Sarmasel	900	Balaceanca	50
Urziceni	360		
<b>Total Working Capacity: 2,770 mln cm</b>			

### ROMGAZ Group UGS Market share

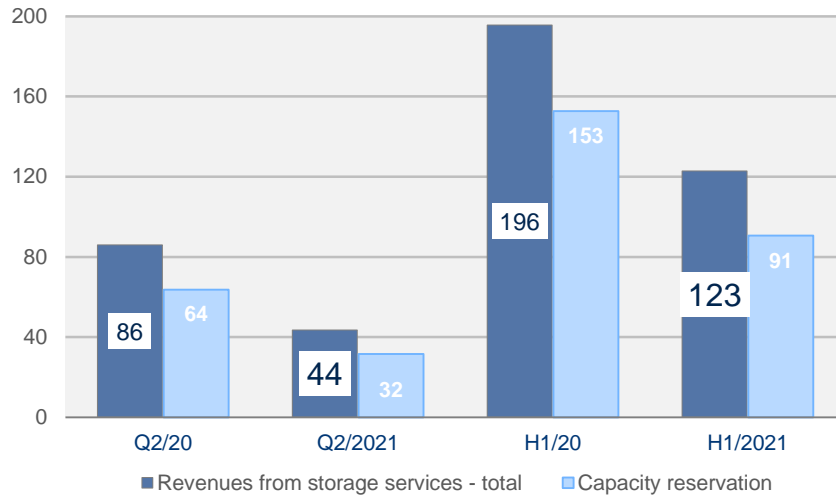


- ❑ Romgaz Group operates 5 storage facilities, with a total working capacity of 2.77 bcm (total capacity of 3.97 BCM) – Depogaz Subsidiary
- ❑ Romgaz also owns 40% of Depomureş (0.30 BCM), a JV with Engie
- ❑ 25% good ratio of working gas volume to annual consumption in 2020 – at the upper half chart of European players; also, 102% ratio of stored volumes to the working volume in 2020
- ❑ Investment plans aim to extend the storage capacity and the extraction capacity – in order to secure gas supply long-term
- ❑ Storage activity not regulated any more by ANRE starting with April 1, 2021; royalties of 3% of operating revenues.

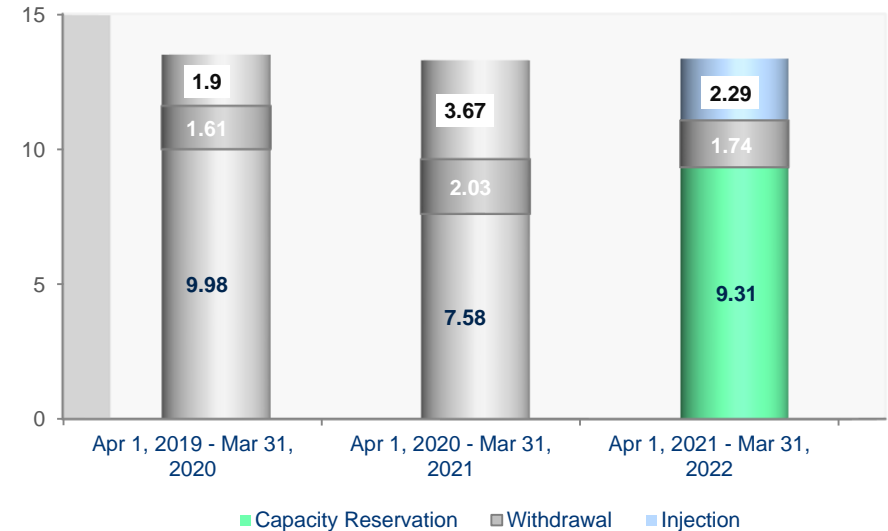
# Underground Gas Storage<sup>1</sup>

## Q2/H1 2021: Capacity Reservation provides high contribution, Withdrawal Revenues increased

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



**Romgaz: Storage tariffs (RON/MWh)**



- ❑ **H1/2021:** Overall, UGS revenues added RON 123 million to the top line (-37% y/y)
- ❑ Capacity Reservation has the highest contribution, but Revenues from Withdrawal Services rose by 17% y/y reflecting higher activity in the period

- ❑ **Storage tariffs in force starting with April 1<sup>st</sup>, 2021 totaled 13.34 RON/MWh**
- ❑ Capacity reservation activity provides the bulk of the UGS revenues (73% in H1/2021).

<sup>1</sup> Consolidated figures

**STORAGE SEGMENT CONTRIBUTION in H1/2021: 5% in Revenue and 2% in EBITDA (consolidated)**

# Electricity Production & Trading

## “GAS to POWER” Investment: Construction of a new power plant

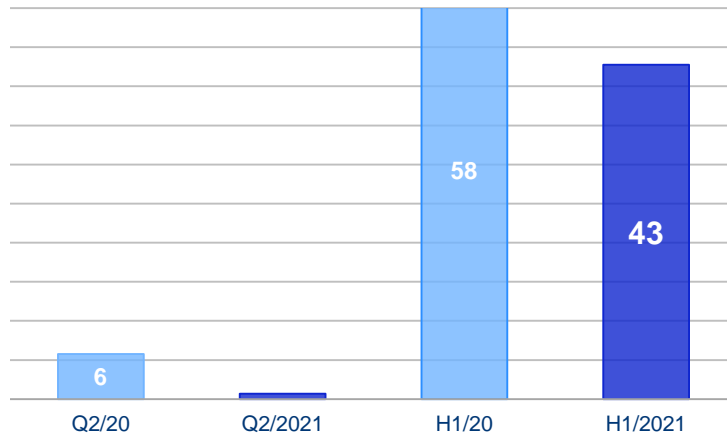
- **Gross electric power capacity: 430 MW**
  - **Gross electrical efficiency at nominal load: 56.4%**
  - **Max emissions: NOx 50 mg/Ncm, CO 100 mg/Ncm**
  - **CCGT lernut benefits from a strategic positioning** – in the middle of the national electricity system
  - **Main roles:** cover national power consumption by acting in the wholesale and balancing markets, ensure ancillary services to the national system, eliminate network constrains in NW Romania
  - 25% of total eligible investment costs represent a non-refundable financing 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*
  - Construction contract terminated, but we are in process to assess optimal solutions to finalise the project.



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

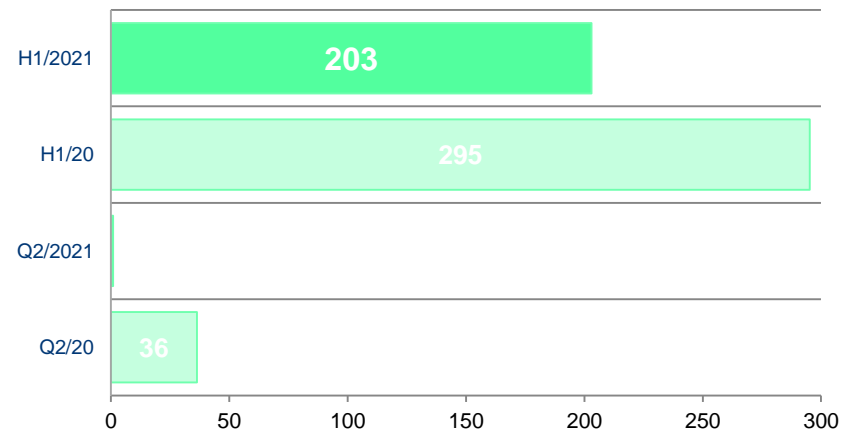
## Q2/H1 2021: Low production level of Iernut old power plant in Q2

Romgaz: Revenues from Electricity (million RON)



- ❑ **H1/2021: We recorded Revenues from Electricity of RON 43 million, -27% y/y**
- ❑ Evolution in H1/2021 is mostly linked to the development of the electricity segment, market demand and gas allotted for energy production.

Romgaz: Electricity Production (GWh)



- ❑ **H1/2021: Energy production of 203 GWh, -31% y/y**
- ❑ Overall lower installed capacity at the old power plant in order to make room for the new plant
- ❑ Unit #5 only in operation (200MW) at Iernut old power plant

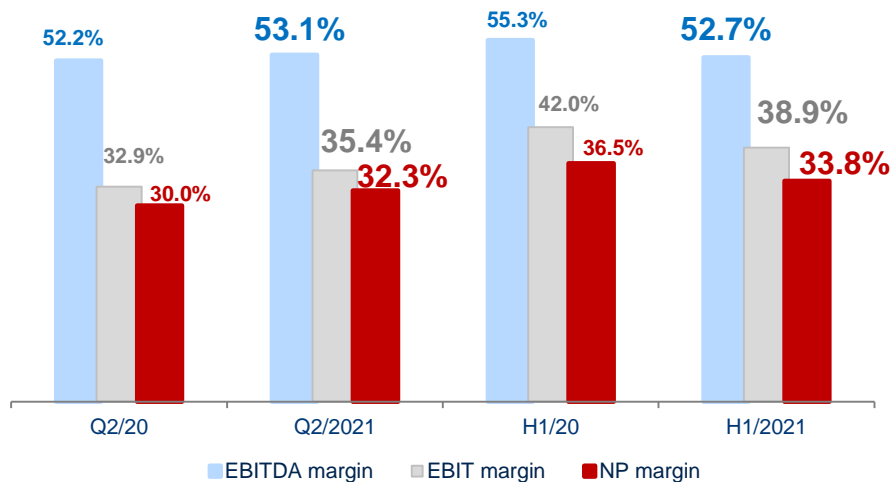
**ELECTRICITY SEGMENT CONTRIBUTION in H1/2021: 2% in Revenue (consolidated)**

<sup>1</sup> Consolidated figures

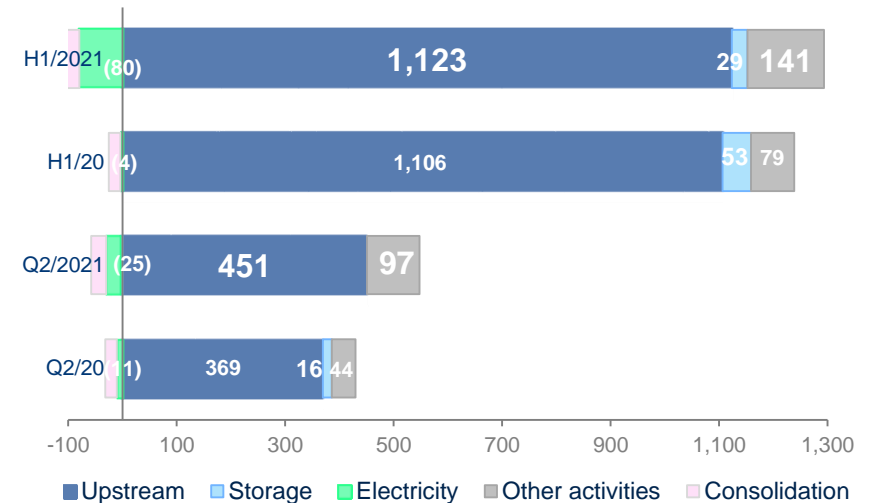
# Financial Performance<sup>1</sup>

## Q2/H1 2021: Profitability margins remain robust, with higher levels in Q2

Romgaz Group: Profitability Rates are significant



Romgaz Group: EBITDA by Segments (million RON)



- In Q2/2021, all EBITDA, EBIT and NP margins were reported at significant levels, in spite of the current market and sanitary environment – exceeding the profitability rates reported in the same period of last year;
- Margins were robust as well in H1.

- The bulk of Revenues and EBITDA is generated by our core segment Gas Upstream (Exploration & Production)
- Electricity segment was in the red in H1/Q2 2021 due to the on-going investment in the new power plant and low output of the old plant; UGS Segment - in the red as well in Q2.

<sup>1</sup> All figures are consolidated



# Financial Performance\*

## Q2/H1 2021: Higher revenues level, margins are robust

### Summary H1/2021 (vs H1/2020)

Revenues - total	2,250 million RON (↗3%)
EBITDA	1,186 million RON (↘2%)
Net Profit	762 mln RON (↘5%)
EBITDA margin	52.7% (↘)
NP margin	33.8% (↘)
No of employees	6,066 (↘)

### Summary Q2/2021 (vs Q2/2020)

Revenues - total	923 million RON (↗21%)
EBITDA	490 million RON (↗23%)
Net Profit	298 million RON (↗30%)
EBITDA margin	53.1% (↗)
NP margin	32.3% (↗)

- ❑ **Higher Revenues both in Q2 and H1**, triggered by sales from our gas production
- ❑ **Main tax expenses in H1/2021** (included in “Other expenses”) were higher by 5% y/y, split as follows:
  - windfall profit tax - RON 212 mln (H1/20: RON 274 mln)
  - gas&UGS royalties - RON 183 mln (H1/20: RON 105 mln)
- ❑ **Net Profit of RON 762 mln in H1, with robust profitability margins.**

Million RON	2018	2019*	2020	Q2/20	Q2/21	%ch	H1/20	H1/21	%ch
<b>Revenues - of which</b>	<b>5,004</b>	<b>5,080</b>	<b>4,075</b>	<b>763</b>	<b>923</b>	21%	<b>2,193</b>	<b>2,250</b>	3%
Gas Production	3,978	4,280	3,293	617	766	24%	1,817	1,885	4%
Gas acquired for resale	217	101	16	6	56		9	81	
Storage	298	331	375	86	44	-49%	196	123	-37%
Electricity	297	146	189	6	1	-88%	58	43	-27%
Other services	189	185	176	42	39	-8%	99	91	-9%
<b>Other income</b>	<b>18</b>	<b>33</b>	<b>25</b>	<b>5</b>	<b>12</b>		<b>12</b>	<b>22</b>	80%
Cost of commodities sold	(245)	(108)	(19)	(6)	(56)		(11)	(83)	
Changes in inventory	(32)	80	(16)	39	55	39%	5	(41)	
Raw materials	(75)	(76)	(58)	(13)	(16)	27%	(29)	(36)	25%
Exploration expense	(247)	(2)	(27)	(19)	(0)	-98%	(19)	(1)	-96%
Headcount expense	(621)	(670)	(767)	(205)	(202)	-2%	(355)	(361)	1%
Other gains and losses	(103)	8	(7)	(4)	28		(7)	28	
Impairment losses on trade receivables	(20)	(81)	18	24	(5)		2	26	
Associate's result share	1	1	1	(0)	(1)		(0)	(1)	
Other expenses	(1,409)	(1,552)	(1,158)	(182)	(244)	34%	(569)	(610)	7%
<b>EBITDA</b>	<b>2,240</b>	<b>2,689</b>	<b>2,051</b>	<b>398</b>	<b>490</b>	23%	<b>1,213</b>	<b>1,186</b>	-2%
<b>EBITDA margin</b>	<b>44.8%</b>	<b>52.9%</b>	<b>50.3%</b>	<b>52.2%</b>	<b>53.1%</b>		<b>55.3%</b>	<b>52.7%</b>	
<b>D&amp;A</b>	<b>(708)</b>	<b>(1,452)</b>	<b>(672)</b>	<b>(147)</b>	<b>(163)</b>	11%	<b>(293)</b>	<b>(310)</b>	6%
<b>EBIT</b>	<b>1,532</b>	<b>1,237</b>	<b>1,379</b>	<b>251</b>	<b>327</b>	30%	<b>920</b>	<b>875</b>	-5%
<b>EBIT margin</b>	<b>30.6%</b>	<b>24.3%</b>	<b>33.8%</b>	<b>32.9%</b>	<b>35.4%</b>		<b>42.0%</b>	<b>38.9%</b>	
Net Interest income	53	38	48	12	13	9%	23	27	17%
<b>PROFIT BEFORE TAX</b>	<b>1,585</b>	<b>1,275</b>	<b>1,427</b>	<b>263</b>	<b>340</b>	29%	<b>943</b>	<b>902</b>	-4%
Income tax	(219)	(186)	(179)	(34)	(42)	23%	(142)	(140)	-1%
<b>NET PROFIT</b>	<b>1,366</b>	<b>1,090</b>	<b>1,248</b>	<b>229</b>	<b>298</b>	30%	<b>801</b>	<b>762</b>	-5%
<b>Net margin</b>	<b>27.3%</b>	<b>21.4%</b>	<b>30.6%</b>	<b>30.0%</b>	<b>32.3%</b>		<b>36.5%</b>	<b>33.8%</b>	

\* 2019 restated; All figures are consolidated

# Financial Performance<sup>1</sup>

## Strong B&S Structure, still Debt-free

- **Debt-free Balance Sheet**
- **At H1/2021, total cash position amounted to RON 2,609 mln** (cash, bank depots and govt's treasury bonds)

### Romgaz: Selected Cash Flow Items

Million RON	2019 restated	2020	H1 2020	H1 2021
Net profit for the period	1,090	1,248	801	762
Operating Cash Flow before $\Delta$ WC and Income tax	2,730	2,148	1,193	1,053
Movements in working capital	0	114	(81)	162
Net Cash flows from operating activities	2,432	2,037	945	1,080
Net Cash flows from investing activities	(1,027)	(1,477)	46	(697)
Net Cash flows from financing activities	(1,608)	(507)	(1)	(690)
Net change in cash and cash equivalents *	(203)	53	990	(308)

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

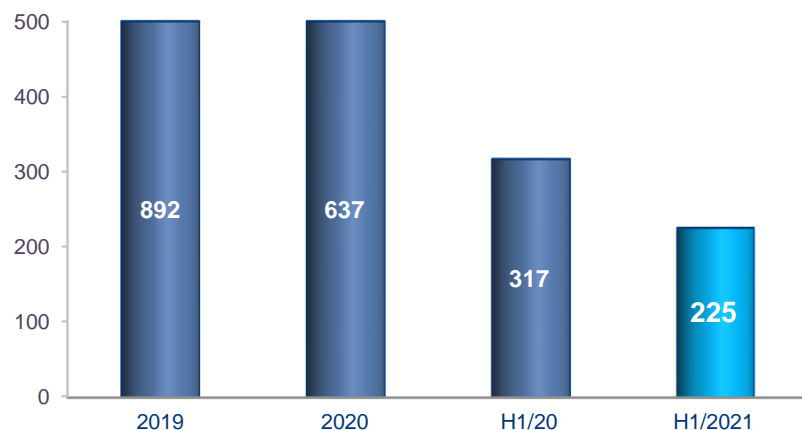
<sup>1</sup> 2019 restated; All figures are consolidated

### Romgaz Group: Selected Balance Sheet Items

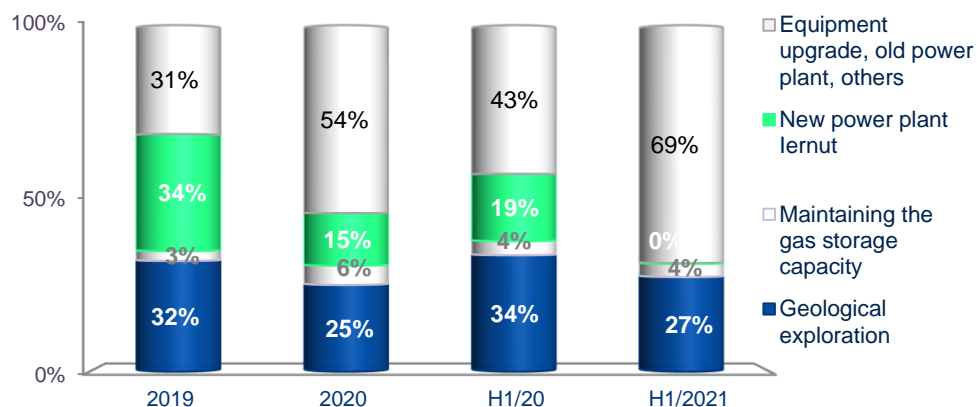
Million RON	Dec 31, 2018 restated	Dec 31, 2019 restated	Dec 31, 2020	June 30, 2021
<b>Total non-current assets, thereof</b>	<b>6,445</b>	<b>5,822</b>	<b>5,943</b>	<b>5,810</b>
Property plant and equipment	6,280	5,543	5,613	5,507
Other intangibles	5	9	15	16
Investment in associates	23	25	26	25
Deferred tax asset	127	231	275	248
Other financial investments	10	5	5	6
Other assets (leasing related)	-	9	8	8
<b>Total current assets, thereof</b>	<b>2,690</b>	<b>2,431</b>	<b>3,319</b>	<b>3,398</b>
Inventories	246	311	245	191
Trade and other receivables	826	638	593	498
<b>Other financial assets - govt securities and bank depots (+3mo maturity)</b>	<b>881</b>	<b>1,075</b>	<b>1,996</b>	<b>2,500</b>
<b>Cash and equivalents</b>	<b>567</b>	<b>364</b>	<b>417</b>	<b>109</b>
Other assets	169	42	68	99
<b>Total assets</b>	<b>9,135</b>	<b>8,253</b>	<b>9,261</b>	<b>9,207</b>
<b>Shareholders' Equity</b>				
Share capital	385	385	385	385
Reserves	1,825	1,587	2,252	2,927
Retained earnings	5,458	5,201	5,150	4,547
<b>Total Shareholders' Equity</b>	<b>7,669</b>	<b>7,174</b>	<b>7,787</b>	<b>7,859</b>
<b>Non-current liabilities, thereof</b>	<b>670</b>	<b>511</b>	<b>812</b>	<b>802</b>
Provisions	510	366	539	539
Deferred revenues	21	21	136	136
Retirement benefit obligation	139	115	129	120
<b>Current liabilities, thereof</b>	<b>796</b>	<b>568</b>	<b>662</b>	<b>546</b>
Trade payables	187	110	89	63
Contract liabilities	46	43	81	129
Current tax liabilities	68	64	60	29
Provisions	94	83	156	79
<b>Total liabilities</b>	<b>1,466</b>	<b>1,079</b>	<b>1,474</b>	<b>1,348</b>
<b>Total equity and liabilities</b>	<b>9,135</b>	<b>8,253</b>	<b>9,261</b>	<b>9,207</b>

## Capex – sanitary environment took the toll

Romgaz Group: Capital Expenditures (RON million)



Romgaz Group: Breakdown of Investments



<sup>1</sup> Consolidated figures

□ **ROMGAZ Group invested RON 225 million in H1/2021 – or 54% of the budgeted level** – impacted by:

- delays in the acquisition process – some acquisitions had to be relaunched as offers exceeded the budgeted levels
- delays in the supply of certain fixed assets
- delays in imports due to COVID 19 pandemic
- decision not to enter the second phase drilling – Lukoil association
- reanalysis of the exploration portfolio
- postponed execution works for Iernut project.

□ **Main developments in H1 2021:**

- *Exploration:* we finalised 4 exploration wells, 2 wells are in drilling process, 14 wells - in drilling acquisition, 34 wells – in drilling design
- *Production:* we finalised 1 exploitation well and 5 surface facilities (to put into production 5 wells);
  - 2 wells – in drilling acquisition
  - 4 surface facilities – in execution (to put into production 4 wells)
  - 26 surface facilities – in acquisition process
- Wells recompletion and repairs: for 75 wells.

□ Investments were financed from the company's funds, as well as from National Investment Plan for the new power plant.

## Strong Commitment for Business Development

### GROUP DEVELOPMENT STRATEGY

- 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

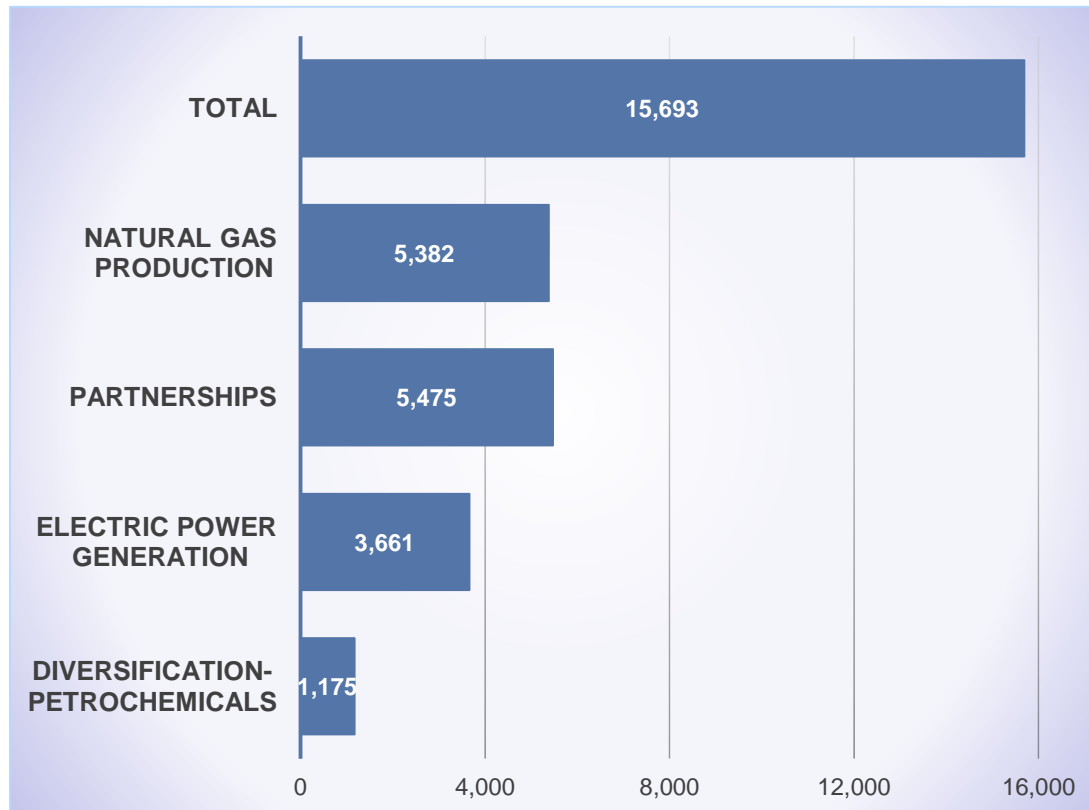
Create value for shareholders by developing new services and products

Business development by approaching new internal and international markets

# Main Strategic Objectives

## Strong Commitment for Business Development

2020-2025 Investment and Development Program of Romgaz SA, June 2020 (RON million)



- ❑ The “Investment and Development Programme” of Romgaz SA for the period 2020 - H1/2025 was approved in June 2020 by the SGM
- ❑ **The Programme is now in a re-assessment process to take into consideration the latest developments**
- ❑ The financing source structure is based on:
  - 49% own sources
  - 7% EU funds
  - 44% to be covered through bank loans and/or bonds.
- ❑ The group has also ongoing investment plans for Depogaz branch, aiming to extend the UGS capacities.

# Main Strategic Objectives

## Strong Commitment for Business Development

### Main development directions taken into account (as at June 2020):

Discovery of new gas reserves through continuous geological research

Development of our gas production potential by adding new facilities

Increase production safety & efficiency by improved performance of facilities / equipment

- Drilling of exploration and production wells
- Technological surface facilities at successfully-tested gas wells
- Gas dehydration stations
- Gas compressor stations
- Gas gathering pipelines
- Modernisation/reactivation/ repair at production wells

Associations / partnerships

- Offshore projects (Black Sea) and electric power generation / storage

Electric Power Generation

- CCGT Combined Cycle Gas Turbine power plants (Iernut, Mintia)
- Renewable sources

Methanol Production

- Building our own facility

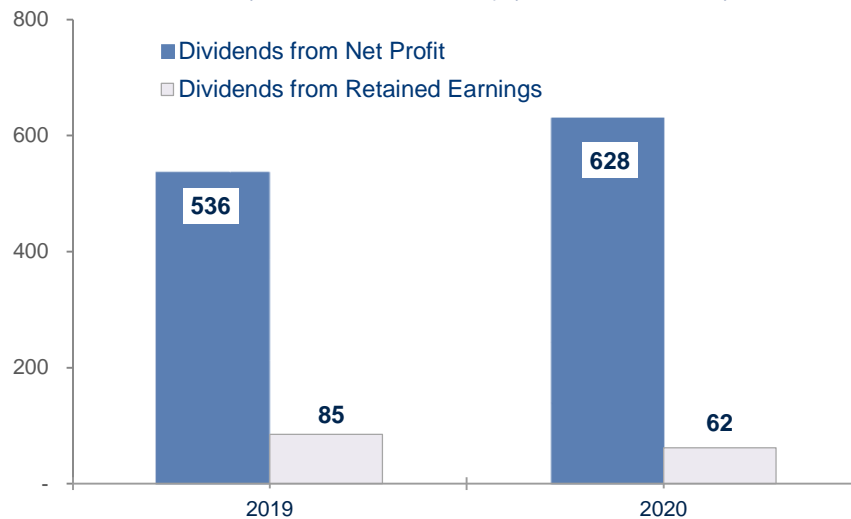
**Continuous Gas Exploration / Improve the Gas-Value-Chain / New Business Development**

# Dividend distribution

SGM in April this year approved a gross dividend of RON 1.79 /share

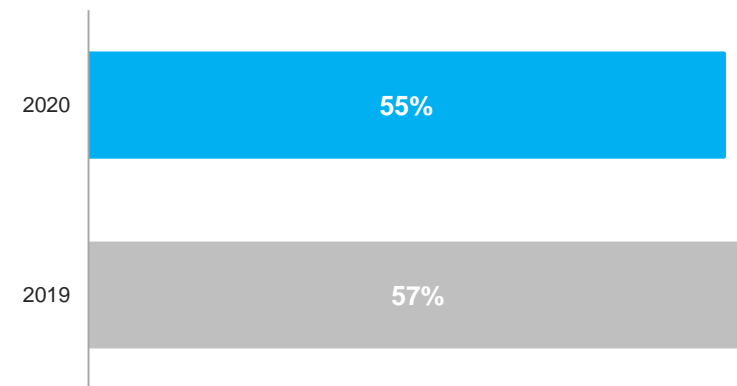
## Romgaz: Gross Dividend Distributions<sup>1</sup> (RON million)

<sup>1</sup> For the fiscal years 2019-2020: Dividend payment in the next fiscal year



## Romgaz: Gross Dividend Payout ratios\*

\* Payout ratios computed as:  
Total Gross Dividends / annual Net Profit of the Group



- Majority state-owned companies are required to distribute at least 50% of the annual NP in the form of dividends to recorded shareholders
- The annual SGM held in April approved a total Gross Dividend of RON 1.79 / share** (of which: RON 1.63 from the 2020 NP and RON 0.16 from reserves) – registration date was June 8 (ex-date: June 7)
- For the 2020-2025 period, the “The Investment and Development Programme” indicates a 50% distribution level



# Romgaz Group – Investment Case



## Why to invest in Romgaz shares

<ul style="list-style-type: none"> <li>➤ <b>Operational excellence / robust margins</b></li> </ul>	EBITDA margin of 53%, EBIT margin of 39% and Net Profit margin of 34% in H1/2021
<ul style="list-style-type: none"> <li>➤ <b>Minimum dividend payout ratio required is 50%</b></li> </ul>	Gross Dividend payout ratio of 55% for 2020 (computed as Total Gross Dividends per 2020 Net Profit of the group). Minimum required level is 50%.
<ul style="list-style-type: none"> <li>➤ <b>Net cash reserves</b></li> <li>➤ <b>Debt free B&amp;S</b></li> </ul>	We recorded total cash&equivalent of RON 2.6 bn at June 30, 2021 Cash <sup>1</sup> / Mktcap = 21% (share price on Aug 11, 2021)
<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>	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
<ul style="list-style-type: none"> <li>➤ <b>Strong base of gas reserves in Romania</b></li> </ul>	Based on our investment policy, we intend to maintain the reserves level and the high RRR (avg of 60% during 2016-2020)
<ul style="list-style-type: none"> <li>➤ <b>Expected opening of the export gas markets</b></li> </ul>	Export markets will enlarge our client portfolio, with positive outcome on revenues
<ul style="list-style-type: none"> <li>➤ <b>Diversification of investment projects</b></li> </ul>	We are now 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
<ul style="list-style-type: none"> <li>➤ <b>Development &amp; Investment Strategy approved by the SGM in June/2020 – in reassessment process</b></li> </ul>	Shareholders approved “The Development and Investment Strategy” of Romgaz SA for 2020-2025, which is now in a reassessment process due to the latest developments
<ul style="list-style-type: none"> <li>➤ <b>Strong management team, skilled workforce</b></li> </ul>	Management team has significant expertise in the sector, headcount is strongly committed

<sup>1</sup> considering all cash equivalents at June 30,2021, consolidated figure

# The Board of Romgaz SA: Balanced Team of Professionals



## Dan Dragos Dragan BoDs Chairman

**Dan Dragos Dragan** – mandate as interim board-member was prolonged by 2 months by the SGM held on July 9, 2021.

Expertise of Mr. Dan Dragos includes top positions such as CEO/Country Manager of Repower Furnizare Romania (2007-2017), Executive and Trading Manager of Petprod (2005-2007), State Secretary within the Ministry of Economy, Energy and Business Environment since 2020.

Also, he holds a Bachelor of Economy Degree issued by A.S.E. Bucharest.

## George Sergiu Niculescu

**George Sergiu Niculescu** – mandate as interim board-member was prolonged by 2 months by the SGM held on July 9, 2021.

Experience of Mr. George Sergiu Niculescu includes different positions such as Manager of S.C. CDG S.R.L.(2020-2021), Commercial Manager of S.C. Covasna Estival 2002 (2012-2019), Manager of S.C. OMB Group Invest S.A. (2015-2019), and State Secretary within the Ministry of Economy, Energy and Business Environment since 2021.

He holds an MBA in Entrepreneurship and Business Administration in Energy.

## Nicolae Bogdan Simescu

**Nicolae Bogdan Simescu** – mandate as interim board-member was prolonged by 2 months by the SGM held on July 9, 2021. His experience includes different positions within S.N.G.N. Romgaz S.A. such as Head of Rehabilitation projects (2015-2020) and Engineer (2005-2015),.

He holds a Master Degree in Company Management and Marketing Strategies and Policies.

## Gheorghe Silvian Sorici Chairman of both the Audit and the Nomination and Remuneration Committee

**Gheorghe Silvian Sorici** – mandate as interim board-member was prolonged by 2 months by the SGM held on July 9, 2021.

Mr. Gheorghe Silvian Sorici was previously CEO of COVTEX-FEIZY (1999-2006), and Manager and ITAD Project Manager of S.C. SOBIS Solutions S.R.L. (since 2006). Also, he holds a Bachelor Degree in Economy issued by Craiova University.

## Marius Aristotel Jude CEO of Romgaz

**Marius Aristotel Jude** – mandate as interim board-member was prolonged by 2 months by the SGM held on July 9, 2021.

Expertise of Mr. Marius Aristotel Jude includes the positions of Board member of Romgaz (during 2016-2017 and 2018-2019), Secretary of State for the Ministry of Energy (2015- 2017), Board member of Depomures S.A. (2010-2014) and of Amgaz S.A. (2009-2015). He also had various management positions in S.N.G.N. Romgaz S.A. He holds an MBA in Company Management.

## Manuela Petronela Stan Olteanu

**Manuela Petronela Stan Olteanu** – mandate as interim board-member was prolonged by 2 months by the SGM held on July 9, 2021.

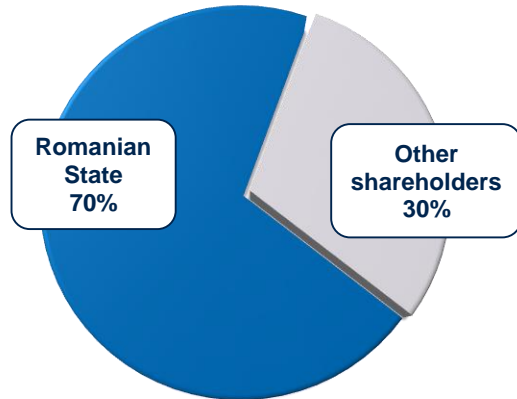
Expertise of Ms. Manuela Petronela Stan Olteanu includes top positions such as Chairperson/BoDs member in Romgaz (since mid-2019), in the Black Sea Offshore Oil&Gas Regulator ACROPO (since 2018), Conpet and Hidroserv (2017-2018), Powerplant Midia (since 2017), Electrocentrale Group and Electrocentrale Bucuresti (2017). Also, she held top positions with the Romanian Government and AVAS. She holds a Master Degree in Advanced Civil Law and Civil Procedure Law.

## Balazs Botond Chairman of the Strategy Committee

**Balazs Botond** – mandate as interim board-member was prolonged by 2 months by the SGM held on July 9, 2021. Mr. Balazs Botond previously held position such as Head of Legal Department of S.N.G.N. Romgaz S.A.(since 2019), Legal counsellor (2011-2019). He is also Board member of S.C. Meditur S.A. (since 2018) and of S.C. ECO-SAL S.A. (since 2016). He holds a Master Degree in Private Law Institutions.

# Shareholding Structure and Stock Performance

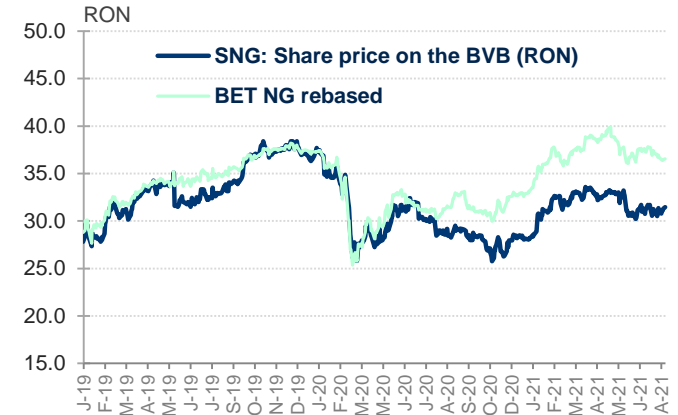
## Romgaz: Among blue-chips on the domestic capital market



### 12-Month: Share Price Performance on the BVB

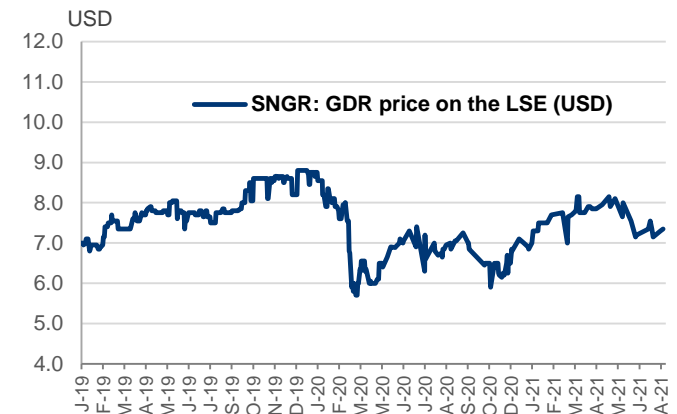
Period	Min (RON)	Max (RON)
Q3/20	28.00	31.85
Q4/20	25.75	28.55
Q1/21	28.35	33.20
Q2/21	30.20	33.60

**12M Total Traded Value (Q3/20 – Q2/21):  
590 million RON or 0.5 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 2.5 bn\*)
- ❑ **The 4<sup>th</sup> most traded stock** on the BVB \*)
- ❑ Included in BVB's main indices (weighing 26% in energy and utilities BET-NG index, and between 7%-8% 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 Aug 11, 2021, and on BVB's latest 12M trading statistics

# THANK YOU FOR YOUR ATTENTION !



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## Financial Calendar - 2021

**Aug 13: Release of H1/Q2 2021 Financial Results**

**Aug 16: Conference call with financial analysts and investors**

Nov 12: Release of 9M/Q3 2021 Financial Results

Nov 15: Conference call with financial analysts and investors

