

**ROMGAZ**

Societatea Națională de Gaze Naturale Romgaz S.A. - Medias - România



## **CURRENT REPORT**

**In compliance with the Law no. 24/2017 regarding Issuers of Financial Instrument and Market Operations and CNVM Regulation no. 1/2006**

Report date: **May 23, 2017**

Company name: **Societatea Nationala de Gaze Naturale ROMGAZ S.A.**

Address: **Medias, 4 Constantin I. Motas Square, Sibiu County - Romania, 551130**

Phone/fax no: **004-0269-201020 / 004-0269-846901**

Fiscal Code: **RO14056826**

Trade Register registration number: **J32/392/2001**

Subscribed and paid in share capital: **385,422,400 RON**

Regulated market where the issued securities are traded: **Bucharest Stock Exchange (BVB), London Stock Exchange (LSE)**

### **Significant event to be reported:**

- **New proposal for net profit distribution for the year ended December 31, 2016**
- **New proposal for total gross dividend per share of RON 3.82, of which RON 2.40 for the financial year 2016 and RON 1.42 from the retained earnings of previous years**

Following the meeting on May 23, 2017, S.N.G.N. Romgaz S.A. Board of Directors endorsed a new proposal for the net profit distribution for the year ended December 31, 2016 together with a new proposal for gross dividend per share, as follows:

### **Legal framework:**

- *G.O. no. 64/2001, regarding the profit distribution to national authorities, national companies and trading companies with full or majority state-owned capital, as well as to autonomous administrations, including subsequent amendments and additions;*
- *G.E.O. no. 29/March 30, 2017 for the amendment of Article 1, paragraph (1) letter g) of the G.O. no.64/2001 and for the amendment of Article 1, paragraph (2) and (3) of the G.E.O. no. 109/2011 regarding the corporate governance of public enterprises;*
- *The Memorandum sent by the Ministry of Energy under address no. 260176/February 1, 2017 (approved within the Government meeting of January 27, 2017) entitled Mandating the state representatives within the General Meeting of Shareholders/The Board of Directors, as appropriate, to national authorities, national companies and trading companies with full or majority state-owned capital, as well as to autonomous administrations to decide upon the necessary steps that need to be taken for the distribution of a minimum share of 90% of the net profit achieved for 2016 as dividends/payments to the state budget;*
- *Memorandum no. 20/6552/April 5, 2017 entitled Measures to be undertaken by the public institutions concerned to apply the provisions of G.E.O. no. 29/2017 for the amendment of Article 1, paragraph (1) letter g) of the G.O. no. 64/2001 regarding the profit distribution to national authorities, national companies and trading companies with full or majority state-owned capital, as well as to autonomous administrations and for the amendment of Article 1, paragraph (2) and (3) of the G.E.O. no. 109/2011 regarding the corporate governance of public enterprises;*

- *Law no. 31/1990 on trading companies including subsequent amendments and additions;*
- *Law no. 227/2015 on Fiscal Code including subsequent amendments and additions;*
- *OMPF no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards;*
- *G.D. no. 168/1998 regarding the establishment of expenditure shares necessary for the development and modernization of the oil and natural gas production, refinery, transmission and distribution;*

## I. NET PROFIT DISTRIBUTION FOR FINANCIAL YEAR 2016

The net profit for 2016 according to financial statements is **RON 1,024,579,217.34**.

The proposal for net profit distribution was made considering the Memorandum of the Ministry of Public Finances, sent by the Ministry of Energy under address no. 260176/February 1st, 2017, namely the "minimum share of 90% of the net profit achieved for 2016".

The proposal regarding the profit distribution is described in the table below:

	Indicators	Value (RON)
0	1	2
A.	<b>Gross result of financial year</b>	<b>1,280,695,680.62</b>
B.	Current income tax	278,582,478.32
C.	Deferred income tax	22,466,015.04
D.	<b>Net result of financial year [A.-B.+C.], from which:</b>	<b>1,024,579,217.34</b>
a)	Legal reserve	-
b)	Other reserves representing fiscal facilities provided by law (Law no. 227/2015- Article 22)	83,256,708.00
c)	Retained earnings of accounting income of the previous years	-
c <sup>1</sup> )	Set up own financing sources for projects co-financed from external loans	-
d)	Other distributions provided by special laws	-
E.	<b>Remaining net profit to be distributed (D-d)</b>	<b>941,322,509.34</b>
e)	Employees participation to profit	23,060,501.00
f)	Dividends due to shareholders (90.2823% of the net profit to be distributed (D)) - dividend / share (rounded)	925,013,760.00 2.40
g)	Profit for setting up own financing sources (E-f)	16,308,749.34
*	<b>TOTAL DISTRIBUTIONS(b+f+g)</b>	<b>1,024,579,271.34</b>

- RON 83,256,708.00 were allocated to reserves in accordance with Article 22 of Law no. 227/2015 on the Fiscal Code and represent the profit invested in technological equipment - vehicles, work equipment, electronic computers and peripheral equipment, household, control and invoicing equipment, as well as computer software equipment, manufactured and/or purchased. According to this article, the profit amount that benefitted from the profit tax exemption, less the amount related to the legal reserve, is distributed at the end of the financial year, prevalently for setting up reserves;

→ Employees participation to profit was established within the limit of the average monthly basic salary per employee for 2016, thus:

- average employee number	6,102 persons;
- average monthly basic salary for 2016	RON 3,779.171/person/month;
- employees profit participation fund	RON 23,060,501.

→ The dividend per share was of RON 2.392495. In addition, the amount of RON 2.4/share was rounded, in order to respect the distribution percentage of minimum 90% provided in the Memorandum approved within the Governement meeting of January 27, 2017.

## **II. DISTRIBUTION OF SOME RESERVES AND RETAINED EARNINGS UNDER THE FORM OF DIVIDENS**

In accordance with G.E.O. no. 29/2017, Articles I, II and III and the provisions of *Memorandum no. 20/65552/April5, 2017*, the amount proposed for distribution is with **RON 547,299,808** in addition to the amount of RON 925,013,760 of 2016 profit.

The value of the additional dividend per share resulted further the distribution of RON 547,299,808, is of **RON 1.42/share**.

We propose that such amount to be distributed as follows: RON 435,387,655 from the retained earnings (the share corresponding to the development quota established in accordance with the G.D. no. 168/1998) and RON 111,912,153 from the retained earnings representing the surplus achieved from the reassessment reserves.

**Taking into account the above mentioned, the Board of Directors and executive management submit for approval the following:**

- 1. Distribution of the net profit for 2016 as described in Chapter I;**
- 2. Value of the dividend related to the net profit achieved in 2016 is of RON 2.4/share;**
- 3. Employees participation to profit in accordance with G.O. no. 64/2001 is of RON 23,060,501;**
- 4. Distribution of RON 547,299,808 from the retained earnings under the form of dividends, as described in Chapter II;**
- 5. Value of the additional dividend related to the amounts distributed from the retained earnings is of RON 1.42 /share.**

**Total value of dividend/share resulted is of RON 3.82 (according to item 2 and 5 from above).**

According to the provisions of Article 111, par. 2, letter a) of Company Law No. 31/1990 and of Article 12 par. 4 letter b) from the Articles of Incorporation, it is under the Ordinary General Meeting of Shareholders' authority to set the dividend.

**Director General**  
**Virgil - Marius METEA**

