

**INTRODUCTION TO THE CONFERENCE CALL
for the discussion of the Q1 2019 Results - May 15, 2019**

Good afternoon ladies and gentlemen,

And welcome to our conference call for the discussion of the Q1 2019 results.

The Quarterly Report was released this morning and includes the presentation of our operational performance, as well as the Interim Consolidated Financial Statements.

Also, a related presentation of the group performance is available on our website.

I will start by making some remarks regarding the business environment in Q1 2019, as compared to the first 3 months of the previous year:

- The natural gas consumption in Romania slowed down by 3% year-on-year, according to our estimates – mainly because of mild temperatures
- Positively, gas prices on the Commodities Exchange were more supportive in Q1 2019 as compared to the same period of 2018
- Regarding the legal framework, please recall the followings:

(1) Starting with mid-February 2018, Order no 32 of the Agency for Mineral Resources required the computation of the gas royalties based on a new and higher reference gas price – PEGAS CEGH Day Ahead Market Single Day Select prices;

This impacted only half of Q1 2018, but full Q1 2019.

(2) Emergency Ordinance no 114 - that was released at end-2018 - has enforced unfavorable provisions for the gas and electricity markets; the Ordinance was amended at the end of March 2019 in a favourable way – but all these legal changes generated volatility and high uncertainty in the energy market

(3) Also, the underground gas storage activity of Romgaz was separated into a fully-owned legal entity - and lower storage tariffs were approved starting Q2 2018.

We succeeded to manage these external factors to a high extent by focusing towards:

- an active commercial policy – based on transparent and competitive trades on the Commodities Exchange
- continuous optimisation of our gas value chain by properly managing the gas volumes.

As a result, we achieved a strong operational and financial performance in Q1 2019:

- Natural Gas Production increased by 4.8% year-on-year and by 1.4% quarter-on-quarter; This good performance was the result of higher production in Caragele commercial field, achieving a 0% production decline for some mature fields through rehabilitation projects, restarting production of some wells by an overhaul programme and optimal relocation of some compressors.
- Revenues from gas production sold to 3rd parties rose significantly by 15% y/y - due to a strong commercial policy and by taking advantage of the market opportunities

- We succeeded to increase by 1% the Gas volumes sold to 3rd parties (from production) - thus exceeding the gas market performance
- We can add that compared to Q4, in Q1/2019 we succeeded to record Revenues from Gas production higher by 17%, on related volumes sold up by 10%
- In Q1/2019, we achieved a market share of 36% of total gas deliveries in Romania, and a 43% market share considering only domestically-produced gas - according to our estimates. Although slightly lower than in the same period of 2018, these figures represent a good performance, considering that imports weighed around 20% in the domestic gas consumption
- Revenues from Storage activity declined by 28% y/y because of lower tariffs, but positively exceeded the level recorded in Q4
- Electricity production was lower by 40% y/y as we are adjusting down capacity to make room for the new power plant.
Still, due to a good commercial policy – we succeeded to decrease Revenues from Electricity only by 17% y/y.
- All in all, we recorded Total Revenues of 1.7 billion RON in Q1 – improved by 15.6% y/y
- On the cost side - we can mention gas & UGS royalties +20% y/y and windfall profit tax +56% y/y in Q1 – based mainly on changes in fiscal legislation, higher volumes and prices
- Bottom line Net Profit reached 542 million RON – which represents a growth of over 16% y/y
- Profitability margins were up as well in Q1: we can note EBITDA margin of 52.2% (well above the 47.6% level reported in Q1/2018) and Net profit margin improved at 31.6%.

On the capex side, we invested only 118 million RON in Q1/2019, due to lower investment budgeted for the new Power Plant.

Capex in Q1 were almost equally focused on works at the new power plant, geological exploration and upgrade of the gas production.

A strong portfolio of gas reserves and resources remains a strategic target for Romgaz. The development works in Caragele area are ongoing, and will contribute to the sustainable development of our gas production.

Additionally, we intend to enlarge the capex portfolio in order to take advantage of development opportunities and to increase the company's profitability.

Regarding our financial position – it continues to be strong, with zero indebtedness. Please recall that the Shareholders Meeting approved in April the distribution of 1.6 billion RON total gross dividends (including the distribution required by Ordinance 114 / 2018). Considering this total amount, the Gross Dividend Pay-out Ratio for the last year stands at 118%.

With respect to the 2019 outlook, the annual budget will be discussed and is subject to approval of the Shareholders Meeting on May 17.

The 2019 consolidated budget includes:

- Total Income of 5.11 billion RON
- Profit before Tax of 1.13 billion RON
- Capex of 1.38 billion RON

- The effect of Ordinance no 114 / 2018 in terms of gas pricing cap for households and assimilated consumers starting May 1st and the 2% annual contribution
- Application of new UGS tariffs starting April 1st
- We can add that we do not expect a significant % change of the gas demand in Romania, but we estimate robust Gas Sales and a key market share for Romgaz
- Also, our Gas Production has favorable perspectives, as the new wells in the commercial field Caragele will start production, and other discoveries will enter the development stage
- We will continue to optimise our operating costs, but expect high expenses with gas royalty and windfall profit tax
- Regarding investments, we estimate the commissioning of Iernut new power plant by the end of Q1 2020
- Financial results of the Grup will continue to show good profitability.

Thank you for your attention!