



CONFERENCE CALL

FOR THE DISCUSSION OF THE 9M/Q3 2020 RESULTS

of ROMGAZ Group

November 16, 2020

PARTICIPANTS:

Daniel Corneliu PENA	Deputy CEO
Robert Stelian CHIRCA	Deputy CEO - Development
Vasile CIOLPAN	Gas Trade Director
Mihaela TOADER	Director of Strategy, International Relations and European Funds
Gabriela TRANBITAS	Head of Financial Reporting & Accounting Methodologies Department
Ion FOIDAS	Head of Production Management
Manuela OGRINJA	Head of Investor Relations

Page left intentionally blank

Mr Daniel Corneliu PENA, Deputy CEO:

INTRODUCTION TO THE CONFERENCE CALL for the discussion of the 9M/Q3 2020 Results

Good afternoon ladies and gentlemen,

Thank you for joining our conference call to discuss the results recorded in the first 9 months of 2020.

Romgaz Group released the Quarterly Report on Friday, and this includes the presentation of our economic performance and the Consolidated Interim Financial Statements.

In addition, a detailed presentation of the group activities and financial results is available on our website, in the Investor Relation section.

Let us start with some highlights of the gas market environment in the first 9 Months of 2020:

- According to our estimates, total natural gas consumption in Romania increased marginally by around 3% compared to the same period of 2019; talking about the 3rd Quarter alone, total gas consumption (which includes the gas delivered to gas-fired plants) advanced by a higher rate, with imports weighting around 20% of total consumption.
- Prices of gas sold by domestic producers to households and assimilated consumers were capped at the maximum value of 68 RON/MWh until June 30, 2020, as enforced by the Governmental Emergency Ordinance no 114 / 2018, amended by GEO no 19 / 2019 and GEO no 1 / 2020.
- Starting with July 1st 2020, gas prices in Romania have been fully liberalized for both producers and suppliers, with some restrictions enforced by the Gas Release Program through the regulator's Orders no 143 and 144 / 2020.

As such, large gas producers have the obligation to offer 40% of the previous year gas production (less own and technological consumption) on centralized markets, with a discount of at least 5% from the previous 60 days average price of the standardized products. The program is applicable until the end of 2022.

- Regarding the gas sold by producers on the Commodities Exchange on Spot & Forward Markets, the Average Weighted Gas Prices (of trades with delivery in the reference months) recorded a decrease in the 3rd Quarter of 2020.
- On the Central European Gas Hub, we note that the "1st Front Month Reference Index" recorded a significant decline of over 40% both in the 3rd Quarter and overall in the first 9 months of 2020 - compared to the same periods of 2019.

In addition, the Covid pandemic is seriously impacting all fields of activity – as Romania has been under the state of alert since May and strict safety measures are in force, while the evolution in the next months can hardly be predicted.

Overall, in the first 9 months of 2020, Romgaz Group reported the following operational and financial results:

- Natural Gas Production declined by 19% year-on-year to 3.20 bcm as a result of commercial, regulatory and sanitary factors; compared to our recently-amended budget it was slightly above the forecast.

We continued (1) the production rehabilitation projects on the most important mature gas reservoirs, (2) the wells workover operations, and (3) completed the investments in the development of production infrastructure and connection of new wells to this.

- “Volumes sold from domestic production to the market” amounted to 2.79 bcm, lower by 18% compared to the same period of 2019 – due to the mixed factors mentioned before.
- We continue to hold a significant market share of 38% in the total gas deliveries in Romania, according to our assessment. This represents a good performance, given the 20% weight of imports in the total gas consumption in the period, and confirms our position as a major gas supplier in Romania.
- Romgaz Group reported consolidated “Total Revenues” of RON 2.92 billion in the first 9 months, adjusted down by 23% year-on-year, and driven by “Revenues from gas sold from domestic production”.
- We recorded a significant increase of 26% of the “Revenue from Storage” - to RON 280 million, due to strong underground storage activity especially in the First Semester.
- Electricity production was more than double to 618 GWh – in line with energy demand and price development in Romania, and also considering the low level recorded in 2019 due to works in the new power plant.

As a result, “Revenue from Electricity” amounted to RON 114 million, higher by 36% compared to the same period of the previous year.

- Talking about expenses, we can mention that “Gas & UGS royalties” declined by 51% year-on-year, and “Windfall profit tax” also decreased by 40% compared to last year – as a result of lower gas prices and volumes sold.
- In addition, we recorded “Depreciation, amortisation and impairment expenses” by 27% lower compared to 2019.
- Bottom line, we reported Net Profit of RON 942 million in the first 9 months – lower by 21% compared to the same period of the previous year.
- Positively, all profitability margins were robust and exceeded the level recorded last year: EBITDA margin remained flat at 51.6%, EBIT margin advanced to 36.7% and Net profit margin climbed to 32.3%.

These aspects are presented at pages 16-24 of Romgaz Group Presentation, available on our website.

Regarding Q3 2020 alone, we can emphasize the following main developments:

- Gas production of 0.95 bcm, adjusted by 24% compared to Q3 2019, but higher by almost 8% compared to Q2 2020
- Total Revenues of RON 725 million, lower by 21% year-on-year
- Net Profit of RON 141 million (compared to 209 million RON in Q3 2019)
- Profitability rates at strong level – with EBITDA margin of 43.5% and Net Profit margin of 19.5%.

On the Balance Sheet side, we still have zero indebtedness, and a total cash position of RON 1.7 billion.

With respect to dividends, we remind that the Shareholders Meeting on April 22 approved the distribution of total gross dividends of RON 621 million – leading to a Gross Dividend Pay-out Ratio of 57% for the last year.

Regarding capex, the Group invested RON 465 million in the first 9 Months, which accounted for 76% of the revised budgeted amount. Among the investment categories, capital expended for “Geological exploration works” exceeded the budget.

Capex in the first 9 months were focused 30% on geological exploration to discover new gas reserves, 19% on works at the new power plant in Iernut, 45% on the upgrade of production equipment and other expenses, and the 5% balance represented investment in our gas storages.

An important event that took place on June 15, 2020 was the Shareholders Meeting of Romgaz that approved the “**Company’s Development and Investment Strategy**” for 2020 to mid-2025 – with RON 15.7 billion planned to be invested.

As previously mentioned, strategic development directions include: (1) continuous geological exploration to discover new gas reserves, (2) development of production potential by adding new facilities in existing blocks, (3) upgrade of production facilities and equipment, and (4) assessment of new growth and development opportunities.

Regarding the next period, we are mainly concerned about the COVID-19 pandemic evolution that is significantly impacting the domestic gas consumption and pricing, and Romania’s overall economy.

In addition to these, we would like to offer you a guidance for the last quarter of this year for which we are improving our guideline.

We estimate that the key financial figure for the last Quarter of 2020 compared with the adjusted budget - to be 8% higher.

Starting with October 2020, the sold gas production of Q4 2020 (including to Iernut) is scheduled to be higher by 13% than the last quarter of 2019; adjusted-budgeted production of Q4 2020 is by 5% higher than last quarter of 2019 and the production achieved in October 2020 (excluding Iernut) is higher by 23% compared with October 2019.

In October 2020 (we do not compare with the budget - we prefer to compare with October 2019), at our power plant Iernut - electricity production is higher by 0.8%, while the Iernut technological consumption it's almost the same – only an increase of 0.6%.

Another figure that we have is the electricity production for November - we continue the trend and it's almost 2% up compared to the same month of last year, as a result it is an increase from 0.8% last month to almost 2% this month.

So, we expect the total sold gas production to be higher with about 13% this quarter compared to last year, but due to the negative influence from the price which we expect less than our budget, we estimate our key financial figure to increase only by 8% up compared to the budget.

In addition to that, the prices obtained from the Romanian Commodities Exchange are higher than the selling prices that were mentioned in the budget.

In conclusion, the final key figures will be around 8% to 15% up for the last Quarter compared to the budget. This is what we expect, a direct influence of the gas price evolution in the market. Thank you!

With this, we would like to close our presentation and thank you for your attention!

Q&A SESSION

Question from Daniela Mandru (Swiss Capital Romania): Can you tell us what quantities have you sold on the centralized market in the 3rd Quarter, in TWh?

Answer from Daniel Pena: What I can tell you is that about 27% of our gas is sold in GRP (Gas Release Program). Second, I prefer to give you a guidance for the next period - almost all GRP quantities are sold including for January, at this stage. Thank you!

Question from Daniela Mandru (Swiss Capital Romania): Can you also tell us the prices on the centralized market and the OTC, on the free market?

Answer from Daniel Pena: According to the guidance, on the budget, the average price of the gas that we are selling - I am telling you for October - theoretically the prices in October that are based on our budget are 24% lower compared to 2019. On the budget, all estimates for the 4th Quarter 2020 we have done on a prudent approach considering economic, commercial, climate and health factors and we prefer that as it was in October, what we obtained in the market to be higher, let's say even much higher on the price side. The idea is that the price mentioned in the budget is much lower than the price obtained in the market. Thank you!

Question from Daniela Mandru (Swiss Capital Romania): Turning to the FY forecast and to the latest revised budget, so you are saying that for this year the result obtained will be higher than the latest revision of Net Profit.

Answer from Daniel Pena: I am saying that it's an improvement in the guidance.

Question from Daniela Mandru (Swiss Capital Romania): Ok, because I did not understand very well and that is why I want to clarify this, on the last Quarter of this year, you are saying that you are selling more gas by about 8% in October or for the full Quarter, Q/Q or Y/Y?

Answer from Daniel Pena: The production of gas we are selling in Q4 (including lernut) we expect to be higher by a 13% average compared to Q4 2019. If you compare with the budget, it is 7% up, and if you compare the budget with 4th Quarter 2019, it is 5% up.

Question from Daniela Mandru (Swiss Capital Romania): Ok, I understood, but I'm not sure if you have published in the budget the quantities, the production and the sales, you published only figures, so I have nothing to compare the budget to what you are saying.

Answer from Daniel Pena: Yes, but while we are comparing with the figures of 2019, we can compare automatically.

Question from Daniela Mandru (Swiss Capital Romania): And also, you are saying that in the 4th Quarter 2020 the gas prices are higher compared to the budget and lower compared to last year?

Answer from Daniel Pena: Yes. I would like to mention the following. What we are seeing now in the market is the price reversal process following the storage activity during the summer time. Everyone knows that during the summer period it was stored gas at much lower prices because it was the effect of the COVID in economy. Once the prices theoretical trend is to recover because the winter is coming, consumption is increasing much more compared with summer, and it is not only a competition with the import gas that we have – it is even the effect of the price reversal. We expect it to finish these months and starting with October to be only the effect of the import - if something it's not happening with the lockdown. Anyway, we have managed to have an option even if a partial lockdown of the economy will take place. Thank you!

Question from Daniela Mandru (Swiss Capital Romania): Ok, Thank you! And regarding Iernut, when Iernut will be completed and start operation?

Answer from Robert Chirca: Based on the actual situation, considering pandemic situation which we are facing in the last period, we estimate that Iernut will be put in operation somewhere in Q3 2021. We are facing now with a challenging situation. Daily, we have people which are infected with the coronavirus in the fields, we have to postpone works, so this is our estimation. Thank you!

Question from Daniela Mandru (Swiss Capital Romania): Thank you! Can you give us a guidance on next year for example, how do you see the gas sales and production?

Answer from Daniel Pena: I will try to give you the answer. Ok, production - we are at maximum capacity now in producing, all the wells are open, we do not have problems selling the product which has taken strong sets - moving from passive selling to active selling. Generally, it's almost sold, in December we have only some small quantities for balancing the Romanian Commodities Exchange. We are looking to the first Quarter of 2021 - concluding the contracts and taking some strategic steps

in the market for assuring the sales of the 1st Quarter 2021, and expecting in the next 2-3 weeks to start the sales for the summer. We have strong basis, we manage to conclude the contracts with Romanian clients, not a lot of them, but some major ones - which now are assuring us continuous deliveries even in the summer - for the entire year 2021. So, we do not have any problem in selling our gas. Thank you!

Question from Daniela Mandru (Swiss Capital Romania): Yes, but my question was referring how do you see the production for next year - will increase, will decrease or will be stable? The gas sales - will increase, will decrease or will be stable? A little bit of guidance.

Answer from Robert Chirca: To answer to your question, we estimate that in the next year - considering the major projects that we have in our portfolio and our development strategy - the production will increase. Thank you!

Question from Daniela Mandru (Swiss Capital Romania): And regarding your development plan, I am referring to the CAPEX - what is the first project in line after Iernut? Because we don't have a schedule on those developments and on those projects. What is the first project in line - Mintia, methanol plant, Black Sea gas?

Answer from Robert Chirca: Related to the next projects that we have on stream, one of the most important project, behind of others that we have in our portfolio, it is Mintia - we have a feasibility study in place and we are in advanced discussions with the stakeholder in order to take over the land and utilities from the related area. Afterwards, we have in development, for the methanol plant to start the opportunity study and we are analyzing all the other projects related to the Black Sea and new partnerships with different companies. Thank you!

Question from Tamas Pletser (Erste Investment Ltd Hungary): What is the profitability (EBITDA per year) you expect from the new Iernut power plant, when it will be fully operational? When do you expect Iernut line to run fully?

Answer from Vasile Ciolpan: Regarding the second part of the question – it was already answered by my colleague Robert.

For the first part - we cannot affirm numbers for EBITDA, because this depends on the sales which will come in the second part of 2021 with delivery for the next year. It is very hard to approximate now the EBITDA. And we have the current regulations, the possible changes and it appeared another order from the authority that we must take into consideration. The aggregation in sales is one of the points, and also the balancing in sales if the rule changes – all these effect the EBITDA of the future power plant. Thank you!

Question from Laura Simion (BRD GSG): So you mentioned that imports were having about 20% market share in this first 9 months; how do you expect the winter season, do you see strong competition from imports also for this Quarter (Q4) and the next Quarter (Q1) in 2021?

Answer from Daniel Pena: Depends what will be the price of the Western Europe markets. If the exchange from the Baumgartner will be higher or relatively comparable with the one from the Romanian market, we do not expect imports to be higher than 2-3 mln cm per day. If the weather is harsh, it's clear that imports will diminish with minimum 10-15 %. The weather has a strong balance in imports in Romania, but theoretically the Romanian market is balanced. It can work without imports for the time being and it's only influenced if Western prices are lower than the price on the Romanian market, but only from the price point of view. Thank you!

Question from Laura Simion (BRD GSG): You mention some data for October, for example for October and these 9 months, how were the imports?

Answer from Daniel Pena: Imports were not so strong, we are following the market especially in the last week, the imports depends on the day, between 5 to maximum 10-12 % from the total volume on daily basis. And this is triggered by the fact that prices are almost comparable between Baumgartner and the domestic market. Once the price is balanced, automatically the import is lower and we do not really expect imports to be at the same volume that were during the summer. Let's take into consideration that the major part of quantities that we imported during the summer were stored because the price was very low and everyone was expecting the price to increase and be able to resell it at a higher price. This is happening for the time being now and we expect this to stop until the end of the month. We are in a price reversal process. Thank you!

Question from Laura Simion (BRD GSG): Regarding the Sarmasel investment, I know you intend to apply for some EU funds; do you have some news on that?

Answer from Mihaela Toader: Regarding Depogaz' project in Sarmasel storage, they have received a rejection in June if I'm not wrong and they have contested it - so they are now waiting for a response from the commission. Thank you!

Question from Laura Simion (BRD GSG): So you don't have yet a response.

Answer from Mihaela Toader: No, not yet.

Question from Irina Railean (BT Capital Partners): Although production continued to decline in Q3, we noticed that gas deliveries partly recovered and we saw a decline of only 6% in the third quarter, compared to 24% decline in production. What caused this situation?

Answer from Daniel Pena: During the Covid pandemic, the production has decreased to 68% till the end of August month, and this was triggered by the effect that it was not demand for gas in the market. Starting with September, we have opened all our wells and after a month in recovering of production, now starting with October we are producing and selling at full capacity and the quantities that are sold are higher than quantities that we are producing now and the balance we are taking from the underground storage. Thank you!

Question from Irina Railean (BT Capital Partners): What was the average realized gas price for the 3rd Quarter of 2020?

Answer from Vasile Ciolpan: The average price of the sales for the 3rd Quarter of 2020 was around 68 RON/MWh.

Question from Irina Railean (BT Capital Partners): In your view, how much time will it take the gas price to recover back to 80-90 RON/MWh?

Answer from Daniel Pena: According to our forecast, till the end of the next year / next late winter - price will be around 80 RON/MWh. There were peaks even higher on the Romanian Commodities Exchange - there were some days even with 85-87 RON/MWh, but only peaks of the intraday market. So a constant price of around 80-85 RON/MWh we do not expect to be seen in the market until late next winter. Thank you!

Question from Adrian Stoica: Could I ask for an estimation of natural gas transport from Austria to Romanian border, please?

Answer from Vasile Ciolpan: To respond to this question, we must consider the calculation. We must know how are the capacities spared - on yearly basis, on monthly basis, on quarterly basis – and if there are spared from each border separately, because in this case it is another price in the countries' tariffs. We can see between 2 or 3 Euros roughly, but depends on all these aspects. Thank you!

Question from Irina Railean (BT Capital Partners): Is Romgaz interested over Lukoil's participation in Trident?

Answer from Mihaela Toader: Regarding any new participation in Trident, we cannot comment unofficial statements, so when this will be official we will discuss at that moment. But as you know, we are already present in the Black Sea and Black Sea remains an important asset for Romgaz. Thank you!

Thank you very much for your questions!

If you need further information, please contact our IR team.

On behalf of Romgaz team, thank you for attending today's conference call!

DISCLAIMER

Romgaz Group (Romgaz or Romgaz Group or The Company) consists of SNGN Romgaz SA as parent company, Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL (subsidiary owned 100% by Romgaz SA), Depomureș SA (40% owned by Romgaz SA) and SC Agri LNG Project Company SRL (25% owned by Romgaz SA).

This document was prepared by SNGN Romgaz SA for the presentation of the 9M/Q3 2020 Financial Results.

This document is for your information only and all statements contained herein are related to intentions, assumptions and forecasts made by SNGN Romgaz S.A. or by its management. None of the information included herein shall be assumed as an invitation, an offer, a recommendation or an opinion expressed by SNGN Romgaz S.A. to subscribe, purchase or sell any securities. Also, this document and all information included herein shall not form the basis of any contract, investment decision or commitment whatsoever. This document and all information included herein shall not be treated as a consultancy or advice whatsoever.

This presentation is not an offer for sale of securities in the United States or any other jurisdiction. The Company's shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States.

To the extent available, the industry, market and competitive position data contained in this presentation has come from official or third party sources. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein. Accordingly, undue reliance should not be placed on any of the industry, market or competitive position data contained in this presentation.

This presentation may include certain forward-looking statements, beliefs or opinions. No representation is made that any of these statements, beliefs or opinions will be achieved. There are a number of risks, uncertainties and factors that could cause actual results and developments to differ materially from those expressed or implied by these statements, beliefs or opinions. Past performance of the Company cannot be relied on as a guide to future performance.

This document does not purport to contain all information that may be necessary in respect of the Company or its securities and each person receiving this document should make an independent assessment.

Neither SNGN Romgaz S.A. nor its directors, management, employees and their consultancies can be held responsible for any losses or damages howsoever arising, directly or indirectly, from any use of this document or its contents.

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