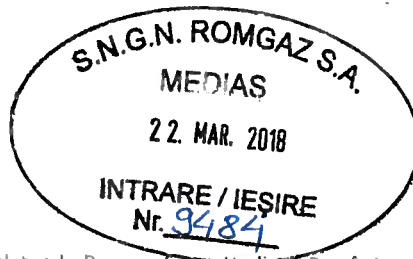


ROMGAZ

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



No. /

REPORT
on the distribution proposal of net profit
for financial year 2017 and of other amounts from retained earnings

Legal frame:

- *The provisions of Government Ordinance no. 64/2001 regarding profit distribution to national authorities, national companies and trading companies with full or majority state-owned capital, as well as to autonomous administrations, as subsequently amended and supplemented;*
- *The Memorandum of the Ministry of Public Finances on: Mandating state representatives in the General Meeting of Shareholders/Board of Directors as the case may be, in national authorities, national companies and trading companies with full or majority state-owned capital, as well as in autonomous administrations in order to take all measures for distributing a minimum 90% share from the net profit of year 2017 as dividends/payments to the state budget" approved in Government meeting on February 8, 2018;*
- *Law 31/1990 on companies, as subsequently amended and supplemented;*
- *Law 227/2015 on the Fiscal Code as subsequently amended and supplemented;*
- *Order of the Ministry of Public Finances no. 2844/2016 on approving the Accounting Regulations compliant with the International Financial Reporting Standards*

I. The net profit for 2017 (after profit tax deduction) according to the financial statements is **RON 1,854,748,378.42**.

The proposal for net profit distribution was made considering the above mentioned Memorandum of the Ministry of Public Finances, namely minimum 90% from the net profit (to be distributed) of 2017.

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

Capital social: 385.422.400 RON
CIF: RO14056826
Nr.ord.Registrul Comertului/an: J32/392/2001
RO08 RNCB 0231 0195 2533 0001 - BCR Medias
RO12 BRDE 3305 V024 6190 3300 - BRD Medias

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	Indicators	Value (RON)
0	1	2
A.	Gross result of financial year	2 181 191 837.80
B.	Current income tax	368 030 969.00
C.	Deferred income tax	41 587 509.62
D.	Net result of financial year [A.-B.+C.],(accounting profit after profit tax deduction) out of which:	1 854 748 378.42
a)	Legal reserve	.00
b)	Other reserves representing fiscal facilities provided by law (Law no. 227/2015- Article 22)	23 790 568.59
c)	Retained earnings of accounting income of the previous years (according to art.1, par(1) c) of GO no.64/2001	.00
c ¹)	Set up own financing sources for projects co-financed from external loans (acc. to art.1, para (1) c ¹ of GO no.64/2001	.00
d)	Other distributions provided by special laws	.00
E.	Remaining net profit to be distributed (D.-b+c)	1 830 957 809.83
e)	Employees participation to profit	23 724 631.00
f)	Dividends due to shareholders (90.19 % of the net profit of the financial year (D)) - dividend / share	1 672 733 216.00 4.34
g)	Profit for setting up own financing sources [E-f]	158 224 593.83
*	TOTAL DISTRIBUTIONS (b+f+g)	1 854 748 378.42

- RON 23,790,568.59 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 and facilities, electronic computers and peripheral equipment, equipment for cash, control and billing, computer programs, 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 2017, as follows:
- | | |
|--|---------------------------|
| average number of personnel | 6046 employees |
| average monthly basic salary in 2017 | 3,924.021 RON/pers./month |
| employees participation to profit fund | RON 23,724,631 |

→ The resulting dividend per share was RON 4.3309. It was rounded up to RON 4.34 to comply with the minimum 90% distribution percent provided in the Memorandum approved by Government on February 08, 2018.

II. Additionally to the net profit distribution for 2017, the retained earnings in amount of RON 277,863,150.91 representing the depreciated cost of fixed assets and fixed assets and investment projects abandoned in the reporting year having as financing source "*the share of expenditures necessary for the development and modernization of the natural gas production*", according to Government Decision no. 168/1998, as subsequently amended and supplemented, is distributed as dividends in the share provided in the above mentioned Memorandum and the difference is allocated to own financing sources.

The value of the additional dividend per share, resulted further to distributing minimum 90% from the amount of RON 277,863,150.91 is 0.65 RON/share (the resulting percent to be distributed is 90.16%).

Considering the above mentioned, we submit the following for review and approval:

1. 2017 profit distribution according to proposal below:

	Indicators	Value (RON)
0	1	2
A.	Gross result of financial year	2 181 191 837.80
B.	Current income tax	368 030 969.00
C.	Deferred income tax	41 587 509.62
D.	Net result of financial year [A.-B.+C.],(accounting profit after profit tax deduction) out of which:	1 854 748 378.42
a)	Legal reserve	.00
b)	Other reserves representing fiscal facilities provided by law (Law no. 227/2015-Article 22)	23 790 568.59
c)	Retained earnings of accounting income of the previous years (according to art.1, par(1) c) of GO no.64/2001	.00
c ¹)	Set up own financing sources for projects co-financed from external loans (acc. to art.1, para (1) c ¹ of GO no.64/2001	.00
d)	Other distributions provided by special laws	.00
E.	Remaining net profit to be distributed (D.-b+c)	1 830 957 809.83
e)	Employees participation to profit	23 724 631.00
f)	Dividends due to shareholders (90.19 % of	1 672 733 216.00

	the net profit of the financial year (D)) - dividend / share	4.34
g)	Profit for setting up own financing sources [E-f]	158 224 593.83
*	TOTAL DISTRIBUTIONS (b+f+g)	1 854 748 378.42

2. Dividend value of 4.34 RON/share of the 2017 net profit;
3. Employees' participation to profit in accordance with Government Ordinance no. 64/2001 in amount of RON 23,724,631;
4. The amount of RON 277,863,150.91 from retained earnings representing the development quota is allocated as follows:
 - a. The amount of RON 250,524,560 is allocated to dividends, the dividend per share being RON 0.65;
 - b. The amount of RON 27,338,590.91 is allocated to own financing sources.
5. Dividend value of RON 4.99/share.

SNGN ROMGAZ SA
CHAIRMAN OF THE BOARD OF DIRECTORS
Dorin-Liviu Nistoran



CHIEF FINANCIAL OFFICER
Andrei Bobar

