

To: **S.N.G.N. Romgaz S.A. Medias**

Attn. of: **Board of Directors**

To the General Ordinary Meeting of Shareholders of May 17, 2019

The undersigned, **SOCIETATEA DE INVESTITII FINANCIARE MOLDOVA S.A.**, with the headquarters in Bacau, Pictor Aman Street no. 94C, Bacau County, post office box 600164, Tel. 0234/576740, Fax: 0234/570062, email sifm@sifm.ro, registered at Bacau Trade Register under no. Jo4/2400/1992, fiscal code 2816642.

as shareholder of SNGN Romgaz SA Medias, with the headquarters in Medias, C.I. Motas Square no.4, registered at Sibiu Trade Register Office under no.J32/392/2001, fiscal code RO 14056826, holding **3,275,402** shares representing **0.85%** of ROMGAZ SA share capital,

in order to outline our strategy related to Romgaz shareholding, please provide arguments for/clarify the following items of the Income and Expenditure Budget:

The net individual profit budgeted by Romgaz for 2019 is RON 899 million, by 34% lower than the one achieved in 2018.

- Romgaz budgeted for 2019 an increase of income from gas sales from internal production of only 0.2% as compared to 2018. From the operational indicators published by Romgaz for Q1 2019 it results that the hydrocarbon production increased in Q1 2019 by 5.2%. Due to the fact that the price of gas sold to industrial customers is no longer limited at 68 RON/MWh and that GEO no.114/2019 and GEO no.19/2019 were not applied in the first four months of 2019, we believe that the price of the gas produced by Romgaz in 2019 will exceed 68 RON/MWh. Taking into account the last price of CEGH Vienna (17 EUR/MWh) and eliminating the limit of the price for industrial customers, we estimate that Romgaz may achieve for 2019 a price exceeding 75 RON/MWh. Therefore, we consider that the income from the gas sold from the internal production was estimated too conservative.
- In the context of GEO 114/2018 that reintroduces the gas basket constraining consumers to buy import gas in a certain percentage, we expect the volumes of import gas to increase significantly this year for the whole country as well as for Romgaz. Consequently, income from import gas deliveries should be at least at the level of 2018 (RON 206 million) compared to the Romgaz budgeted level of RON 70 million (-66%).
- Expenses with the personnel are forecasted to increase by 11.8% in 2019 considering that in Q1 2018 the underground storage activity was also included, as of April 1, 2018 it was transferred to Depogaz subsidiary.

- For 2020 and 2021 Romgaz budgeted income similar to the ones in 2019 even though completion of the new power plant in Iernut could imply a significant growth of the income from electric power delivered starting with 2020.

As Hidroelectrica and Nuclearelectrica will have a smaller share on the free market (35% of the production) due to the new regulations forcing them to sell 65% of the production on the regulated market and taking into consideration the growing difficulties of producers using coal as fuel, we believe that in 2020 and 2021 Romgaz could obtain a substantially higher income on this market segment.

Considering that, in the last years, Romgaz constantly exceeded its budgeted indicators as well as taking in consideration Romgaz sustainable capacity of business development and distribution of attractive dividends, we believe the budget submitted for shareholders' approval in the Ordinary General Shareholders Meeting dated May 17, 2019 is too conservative.

Best regards,

Claudiu Doros,
General Director