

INTRODUCTION TO THE CONFERENCE CALL - Feb 16, 2018

Dear stakeholders and investors,

Welcome to our conference call for the discussion of the 2017 preliminary financial results.

As you all know, the Annual Preliminary Report was published this Thursday. It includes a brief presentation of our financial and operational performance achieved last year, while the detailed Annual Report will be released in April.

Meanwhile, I would like to make some remarks regarding the business environment last year:

- In line with our anticipation, the natural gas consumption in Romania slowed down the significant growth that was recorded over the first 9 months, and in Full Year 2017 advanced by 5% roughly compared to the previous year
- We can mention that gas market was influenced by lower temperatures recorded in the first months, and by important opportunities offered by the electricity market
- An important step achieved on April 1, 2017 in Romania was the full deregulation of the price of gas sold by domestic producers, while certain legal amendment has positively improved the competitiveness of the domestically-produced gas versus imports.

On the back of these external factors, our efforts focused last year towards:

- a proper management of the gas volumes (both from current production and storage)
- a continuous optimisation of our gas value chain
- pursuing an active commercial policy, through transparent, non-discriminatory and competitive gas trading activity.

All these made us achieve some remarkable performances during 2017:

- Our natural gas production increased by over 22% compared to the previous year, helped by optimisation programmes for mature reservoirs and production enhancement activities
- Total gas supplied improved by 31% and total gas revenues by almost 33% to 3.564 million RON - ranking among the highest reported during the past years
- We also recorded the best storage revenues in recent years – 506 million RON
- Revenues from electricity production and trade advanced by 38% to 464 million RON in 2017 – the highest level ever achieved since the transfer of Iernut power plant into Romgaz accounts
- All in all, we reported a Net Profit of 1.868 million RON (+82% compared to 2016) – the best level reached since our listing on the Bucharest and London Stock Exchanges
- We continued to improve our profitability margins through an active pricing policy, customised on the market needs, and through a strict control of all operating costs.

Talking only about the Fourth Quarter (Q4), we can emphasise total gas deliveries higher by 26.6% year-on-year, a Net Profit of RON 684 million (including the non-recurrent revenue of 244 million RON from excise recovery), as well as the robust profitability rates.

Returning to our Full Year performance, I would also like to highlight that:

- We have a balanced portfolio of customers, and our sales on gas trading platforms provide price flexibility – all these led to a higher market share in terms of gas deliveries in Romania in 2017
- We continue to fulfil the objective committed in 2016, of “Zero new overdue trade receivables” and - as a result - the entire volume of gas sales has been cashed in
- Regarding electricity and storage activities, we succeeded to raise the share of the related revenues to 22% jointly in 2017 !

On the capex side, amounts invested in 2017 were higher by 57% compared to the previous year, at 782 million RON.

We continued efforts to build a strong portfolio of gas reserves and resources in order to preserve our long-term production potential. The development works on-going in Caragele area support the sustainable development of our company.

Also – it is important to recall that in September the Romanian State approved the concession agreements concluded by the Agency for Mineral Resources with Romgaz - for 54 commercial reservoirs, and with Romgaz and AMROMCO - for 8 commercial reservoirs. These reservoirs amounted for about 1 bcm recoverable reserves.

We are also investing in recompletion operations and production rehabilitation of the main fields.

A key strategic direction is to consolidate Romgaz position on the energy supply markets – through the CTE Iernut development project. As we previously informed the market, Iernut city-hall has issued the construction permit and the gas turbines are in process to be delivered.

Increase the UGS capability is also important for our company, and in this respect we completed the drilling of new wells in Urziceni UGS.

Last – but not of a less importance, we succeeded to maintain a strong financial position, with zero indebtedness – unaffected by the distribution of significant dividends in 2017. The dividend distribution to shareholders represented an important objective for Romgaz since the listing, and we estimate that this will not change.

With respect to the 2018 outlook, we will publish our budget soon. We can add that:

- We do not expect an increase in Romania’s gas demand, taking into consideration the evolution of the gas consumption during the first 2 months
- As a result, we estimate for Romgaz that gas selling volumes would be flat at the most compared to 2017 – and Romgaz will preserve a key position on the domestic gas market
- Also, we estimate that our annual gas production would be slightly higher year-on-year, and we will maintain the gas production market share
- Revenues from the gas storage activity and electricity production will accompany the gas sales
- We will continue to optimise our operating costs

- Investments are projected at the level of 1.5 billion RON – significantly higher than achieved in 2017, and we expect to reach this amount taking into consideration the investment stage in the new power plant project
- Regarding the reorganisation of the underground storage activities, the UGS subsidiary will become fully operational starting April 2018
- Regarding the general legal framework, I can mention that the Agency for Mineral Resources has approved the new reference price for the computation of the gas royalty; we estimate an increase of about 10-15% of the royalty level in 2018 compared to the previous year
- In terms of profitability, we will continue to make efforts to maintain the financial performance on sustainable bases - on the behalf of our shareholders.

Thank you for your attention!