

INTRODUCTION TO THE CONFERENCE CALL – May 16, 2018

Dear stakeholders and investors,

Welcome to our conference call for the discussion of the First Quarter 2018 financial results.

The Quarterly Report was published yesterday and includes an outlook of our operational performance, as well as the un-audited Individual Financial Statements.

Now I would like to make some remarks regarding the business environment in the first 3 months:

- The natural gas consumption in Romania slowed down by 1% compared to the same period of 2017, according to our estimates – mainly because of the mild temperatures recorded during the winter months, especially in January and February
- Competition in the energy market was strong due to resources available in the hydro and wind energy generation segments
- The full deregulation of the price of gas sold by domestic producers on April 1, 2017 had a positive impact – it improved the pricing and competitiveness of the domestically-produced gas
- On the other side, the new reference price set by the Agency for Mineral Resources in mid-February 2018 contributed to a higher level of gas royalties paid by our company in the First Quarter.

We succeeded to manage these external factors, by focusing towards:

- an active commercial policy – we continued in the First Quarter to sell most of our gas on the Commodities Exchange - through transparent, non-discriminatory and competitive trades
- a continuous optimisation of our gas value chain combined with a proper management of the gas volumes (both from current production and storage).

As a result, we achieved a strong operational and financial performance in 2018 as well – although the 2017 stellar performance provides a high comparison base for this year:

- We succeeded to increase our Natural Gas Production by 2.3% compared to the same period of the previous year, and continued the rehabilitation projects for main fields and the wells recompletion.

We also should add that the favourable output performance was achieved in the circumstance of lower gas demand during January and February and lower quantities of own gas stocks available compared with the previous year. Please refer to page 13 of our presentation available on Romgaz website.

- Our total gas revenues exceeded 1.3 billion RON - up by 12.7% year-on-year, and helped by an active commercial policy – although total gas Volumes delivered to third parties abated by 3.6%
- Storage revenues added 114 million RON, and Revenues from electricity production and trade stood at 57 million RON due to challenging electricity market

- We recorded a Net Profit of 501 million RON in the period – lower by 11% compared to the previous year, and impacted among others by higher taxes paid and some impairment on trade receivable
- Our profitability margins were strong, showing elevated profitability – Net margin of 33.8%, EBITDA margin of 50.7% and EBIT margin at 39.6%. Please refer to pages 21 and 22 of our presentation available on Romgaz website.

We can also mention that we enjoy a strong market share of 37% of the national gas consumption and over 42% of the gas consumption covered by domestically-produced gas.

Regarding Capex, we succeeded to invest 419 million RON in the First Quarter – this figure is 41% over the budget and 4.6 times higher than the level achieved in the same period of 2017.

Of the total capex, 22% represented geological exploration activity in Q1 and included drilling of exploration wells, 3D seismic prospects and data interpretation. A strong portfolio of gas reserves and resources remains a strategic target for Romgaz, with the aim to improve our long-term production potential.

Another key strategic direction is to consolidate Romgaz position on the energy supply markets – including through the CTE Iernut development project. In this respect, we performed foundation works and added 3 gas turbines and other equipment for the construction of the new power plant.

Regarding our financial position – it continued to be strong, with zero indebtedness – unaffected by the distribution of dividends and the capex plan. Please recall that the Shareholders Meeting approved in April the distribution of 1.9 billion RON total gross dividends for the 2017 fiscal year. It results in a 104% Gross Dividend Pay-out Ratio for the last year.

With respect to the 2018 outlook, we can make the following remarks:

- We foresee a stabile gas market in Romania, with a marginally lower gas consumption;
- As a result, we estimate for Romgaz - gas selling volumes roughly flat in 2018 compared to the previous year – and we will continue to hold a significant market share;
- Our gas production in 2018 would stay at the budgeted level, considering that gas sales from current production will record an increase generated by the low gas demand of Iernut power plant;
- Revenues from the gas storage activity and electricity production will accompany our gas sales, but we anticipate a weaker performance this year – as we already mentioned in our annual budget;
- We budgeted Investments of 1.6 billion RON in 2018 – over 2 times elevated than in 2017, and we strongly believe that this level is achievable - taking into consideration the investment stage in the new power plant project;
- Regarding the separation of the underground storage activities, please recall that the UGS subsidiary, fully owned by Romgaz, became operational on April 1st; also, ANRE – the National Authority for Energy Regulation – approved new (and lower) tariffs for the capacity reservation, injection and withdrawal activities – valid over the next 1-year period;

We are working to prepare a revised budget as a result of separation of this activity, with individual and consolidated figures. We plan to release the new budget by the end of June;

- In terms of profitability, we will continue to make our best efforts to maintain the financial performance on sustainable bases – and to create value for our shareholders.

Thank you for your attention!