



**CONFERENCE CALL
FOR THE DISCUSSION OF THE
FY/Q4 2020 PRELIMINARY RESULTS of ROMGAZ Group
February 26, 2021**

PARTICIPANTS:

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| Marius Aristotel JUDE | CEO |
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| Dumitru Gheorghe ROTAR | Deputy CEO - Exploitation - Exploration |
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Mr. Marius Aristotel JUDE, CEO:

INTRODUCTION TO THE CONFERENCE CALL
for the discussion of the FY/Q4 2020 Preliminary Results

Good afternoon ladies and gentlemen,

Thank you for joining our conference call to discuss the 2020 preliminary results.

We released yesterday our Preliminary Consolidated Annual Report on the Economic and Financial Activity of ROMGAZ Group.

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

We would like to take this opportunity to address certain aspects regarding the market context and to highlight the operational and financial performance of our group.

In 2020, important factors had mixed outcomes on our group performance:

- Total natural gas consumption in Romania increased roughly by 5% compared to the previous year, with imports weighting around 18% of total consumption – according to our estimates
- The domestic energy market was influenced by high temperatures over the year and by the COVID pandemic which has seriously impacted all fields of activity – please recall that Romania has been under the state of alert since May and strict safety measures are still in force
- Until June 30, 2020, prices of gas sold by domestic producers to households and assimilated consumers were capped at the maximum value of 68 RON/MWh, as enforced by the Governmental Emergency Ordinances issued in 2018 and 2019 (GEO no 114 / 2018, amended by GEO no 19 / 2019 and GEO no 1 / 2020).
- On July 1st 2020, gas prices in Romania have been fully liberalized for producers and suppliers, nevertheless with price restrictions enforced by the Gas Release Program through the regulator's Orders no 143 and 144 / 2020.

Accordingly, 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 standardized products. The program is applicable until the end of 2022.

- As a possible consequence, the Average Weighted Price of gas sold by producers on the Commodities Exchange on Spot & Forward Markets (trades with delivery in the reference months) recorded a significant plunge of around 38% in the 4th Quarter of 2020 compared to the same period of 2019, according to our computation.
- On CEGH (Central European Gas Hub), we note that the “1st Front Month Reference Index” recovered in Q4 from the bottom recorded in Q3, but overall in 2020 the decrease was significant.

Regarding the operational and financial performance achieved by ROMGAZ Group in 2020, we mention the followings:

- **Natural gas production stood at 4.52 bcm** – only 14% lower year-on-year - as we successfully managed to overcome the commercially-unfavorable environment which impacted our Q2 and Q3 performance. We recovered significantly in Q4, and thus succeeded to exceed by 4.7% the full-year budgeted output level.

We started production in Caragele Deep in Jan/2020 with the “77 Rosetti” well (with an output potential of 1,500 boe/day), and put into production 2 other wells in Caragele commercial field (with a total output potential of 1,000 boe/day).

As an important performance - we achieved **the goal of arresting the natural decline and maintain it at 1%**, through the wells workover and special operations programmes, and higher efforts to build the production infrastructure of discoveries made in previous years.

On the exploration side, we drilled 16 exploration wells in 2020, out of which for 8 wells the drilling works were finalised with positive results.

- We maintained our good position in the market, as we accounted for around 39% of total gas deliveries in Romania according to our estimates. Also, we estimate that ROMGAZ market share, considering only domestically-produced gas, stood at 48%
- On gas volume sales, we succeeded to restore the significant decline recorded in Q2 and Q3 with good results achieved in Q4, so that in Full-year 2020 the negative adjustment was of only 10% compared to 2019
- On the Gas Revenues side (excluding gas acquired for resale), we also recovered in Q4 from the bottoms reached in previous quarters, and succeeded to shrink the Full-year decline to 23% y/y with impact from the declining price environment
- Revenues from Storage Services improved by 13% last year - with capacity booking services having the largest contribution

- Revenues from Electricity increased by 30% year-on-year – as production in the old power plant rose by almost 59%
- Overall in 2020, based also on the good performance recorded in Q4, we succeeded to shrink the decline in our top line (Revenues) to 20% y/y to RON 4.07 billion
- Regarding the main 2 taxes included in the “Other expenses” item in the P&L - we can mention that “Windfall profit tax” and “Gas and UGS royalties” were down by 42% jointly - as a result of lower gas prices and lower volumes produced and sold
- Expenses with “Depreciation, amortisation and impairments” stood at only RON 477 million in 2020, compared to the high RON 1,358 million expensed in 2019 mainly due to an one-off item
- All in all, we recorded a Net Profit of RON 1.25 billion, higher by over 15% compared to the previous year
- All main Profitability margins were robust last year, with EBITDA margin at 45.7% and Net Profit margin increasing to almost 31%.

In Q4 alone, we can point out good operational and financial performance:

- Gas production of 1.32 bcm, with a significant increase of 39% compared to Q3, and a marginal adjustment of only 0.4% compared to Q4/2019
- Gas volume sales higher by 14% year-on-year
- Net Profit of RON 313 million, compared to a Net Loss in Q4/2019.

These aspects are presented at pages 16 to 24 in ROMGAZ Group Presentation, available on our website.

On the Balance Sheet side, we have zero indebtedness, and a total cash position of RON 2.4 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 2019.

Regarding capex, we invested in total 637 million RON in 2020 – which accounted for 71% of our consolidated budget, mostly due to the pandemic environment.

Capex were related to: Geological Exploration for the discovery of new gas reserves, Exploitation / drilling works and equipment modernisation, Underground Gas Storages and Works at the new power plant Iernut.

As regards the perspectives for 2021, we will publish our budget proposal and call the Shareholders Meeting for endorsement - shortly after the state budget is approved, according to the applicable regulation.

In line with the Investment and Development Programme approved by our shareholders in June 2020, we continue efforts to:

- develop the production potential by consolidating our current portfolio of gas reserves and resources and by adding new facilities
- consolidate our position on the energy supply markets
- develop our business by approaching new markets.

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

Q&A SESSION

Question from Iuliana Ciopraga (Wood & Company): Can you provide any sort of update on the discussions with Exxon? Can you tell us anything about this project or how you are looking at this acquisition, are you willing to acquire the stake from Exxon even before the new offshore law, can you provide us any sort of update on the offshore law?

Answer from Marius Aristotel Jude: Thank you for your question. Due to the non-disclosure agreement, it will be very hard for me to answer to your question, but I would like to emphasize the fact that ROMGAZ is fully committed to purchase 50% from Neptun Deep - Exxon participation, and in the next period of time we will beat for that. We will get back to investors with a public announcement related to that. Thank you!

Question from Tamas Pletser (Erste Investment Ltd. Hungary): What are your natural gas price expectations in Romania for Q1 2021 and the whole year?

Answer from Marius Aristotel Jude: Our estimations are in fully accordance with the prices that were already published by BRM - the Romanian Commodities Exchange. Probably when we will announce the preliminary results of Q1 2021, we will inform you related to the prices obtained by ROMGAZ. Thank you!

Question from Iuliana Ciopraga (Wood & Company): What are your expectations regarding volumes sold and production in 2021?

Answer from Dumitru Gheorghe Rotar: Thank you for your question. Regarding the production, as we included in our presentation, we almost recovered our potential of production in Q4 2020, and we do not have any reason to think that in 2021 we will not keep the same level of the production. Accordingly, the sales volume will reflect the production volumes in 2021, so we will keep the trend from Q4 2020. Thank you!

Question from Laura Simion (BRD GSG): The first question is regarding to the strategy development plan that you published last spring - do you have any updates to this plan, for example for 2021 you had a CAPEX of about 2.65 billion RON and from this amount about 1.8 billion RON were for investments in partnerships and joint ventures. So if you could detail a bit on this.

Regarding also to the power plant - when will the new plant become operational?

Another question is related to the market in terms of prices: we can see on the Romanian Commodities Exchange only the prices of last year, and you mentioned that the trend that we saw in Q4 2020 continued in Q1 2021. Where do you see prices this year? Do you see a recover at the level of 2019? Thank you!

Answer from Marius Aristotel Jude: Thank you for your questions. I would like to start with ROMGAZ development strategy - what I would like to inform you is that in the next period of time, we will review our development strategy due to the decision that we would like to purchase 50% from Neptun Deep. That means a huge investment and - based on that - we would like to review as soon as possible our development strategy.

Related to the question regarding Iernut power plant, please be advised that we are fully committed to finalize Iernut power plant by the end of this year, but in the meantime, we will analyze all solutions that may be applied by the executive management in order to achieve this goal.

Related to the prices, please be advised that the 2nd Quarter, the 3rd Quarter and the 4th Quarter of 2021 prices are already published by the Romanian Commodities Exchange, and, from what we can see, we expect that prices will slightly recover compared to 2019. But we have to admit that prices were very strongly affected by the government decision already mentioned by me in my presentation. Thank you!

Question from Iuliana Ciopraga (Wood & Company): Should we expect production at the level of 2019 or 2020? Thank you.

Answer from Dumitru Gheorghe Rotar: As we can see, the production recovered quite well, so we expect to reach a level close to 2019, rather than 2020. Thank you!

Question from Irina Railean (BT Capital Partners): How tariffs for the storage business will be established starting April this year? Do you estimate them as being higher or lower compared to the previous year?

Answer from Marius Aristotel Jude: The answer is very short. Based on the new norms, the regulator already eliminated the regulated tariffs. At the moment, we are working internally in this respect and probably in the next period of time we will publish the new tariffs. But for sure, in our point of view, the underground gas storage activity will be very attractive for participants and, by the other hand, we are fully committed to invest in the underground gas storage activity in order to offer the participants the best services according to the international market standards. Thank you!

Question from Tamas Pletser (Erste Investment Ltd. Hungary): What is your experience with BRUA pipeline? Is it operating well? Did you sell already any natural gas outside of Romania?

Answer from Marius Aristotel Jude: Our cooperation with TRANSGAZ is very successful, but at the moment we cannot answer to your question related to the operational and technical aspects about BRUA. As we were informed, BRUA is working at the projected technical parameters.

As regarding our supply activity, at the moment we are selling the gas in Romania, but we are fully committed in the same time to develop our supply activities in order to reach also the final consumers - even if we are speaking about industrial consumers or households consumers. This will be for us the main target in our supply activity, and if the case may be, if the market will say that, probably ROMGAZ will use BRUA in order to reach other markets. And if ROMGAZ succeeds to get Neptun Deep, after developing the field, ROMGAZ will most likely use more than BRUA - which is in our point of view a strategic project, and we will use that in our benefit. Thank you!

Question from Iuliana Ciopraga (Wood & Company): When should we expect production at the new power plant at Iernut? Can you provide an update on Mintia?

Answer from Marius Aristotel Jude: As already mentioned, we will like to finalize Iernut power plant by the end of this year. This is the only comment that I have, and probably the production will start next year. This is only an assumption, not something that can be called a certainty, but we will do our best in order to get that.

Mintia is one of our investment objectives, but as I said before - we will like to analyse again our development strategy and probably based on the results of our further analysis, we will take a decision on that. However, we were fully committed to invest also in the other power plants, but most likely we will like to reduce our risks in this kind of investments. Thank you!

Question from Iuliana Ciopraga (Wood & Company): Iernut was partially financed by the state / EU funds. Is there a risk of you losing the funding because of the delay?

Answer from Marius Aristotel Jude: There is a risk and we would like to deal with that risk in order to avoid to pay back the money received by ROMGAZ. Probably we will state out that, based on our further analysis, and we will inform the investors at the right time.

Question from Iuliana Ciopraga (Wood & Company): Are you seeing a negative impact on Q1 on volumes - from the problems at Elcen?

Answer from Marius Aristotel Jude: From our point of view, no.

Question from Laura Simion (BRD GSG): In Q4 2020 you sold significant volumes from storage, will this trend continue in Q1 2021?

Answer from Dumitru Gheorghe Rotar: We already experienced two severe cold weather periods in January and February, so the demand was strong during this time. At this moment, we do not have concerns regarding the level of sales for Q1. So, it will probably remain strong, in line with Q4.

Question from Laura Simion (BRD GSG): What about Mintia power plant project, did you postpone it until Iernut is completed?

Answer from Marius Aristotel Jude: No, but we are looking forward to find out the best solution in order to invest in Mintia power plant. Thank you!

Question from Laura Simion (BRD GSG): When will you publish the updated investment strategy?

Answer from Marius Aristotel Jude: As soon as possible, but no later than the middle of this year. Thank you!

Question from Iuliana Ciopraga (Wood & Company): What should we expect in terms of salary expenses?

Answer from Razvan Popescu: Thank you for your question. Regarding the expenses, we are trying to cap them at a similar level to last year. We are trying to optimize the way we dispose workforce, as well as the one in the office and the production part. We will be able to comply with all COVID restrictions and, as soon as these restrictions will lift, we will probably have a better view on the expenses.

But at this time, we are looking to cap them and to keep them at a similar level with 2020. Thank you!

Question from Iuliana Ciopraga (Wood & Company): Excluding Neptun, can you give us a guidance on capex for 2021?

Answer from Razvan Popescu: As Mr. Jude, our CEO, has said, we are prioritizing all our investments at the moment. So I think we will have a better figure in the 2nd Quarter of this year. We cannot give you an exact figure this time.

Answer from Marius Aristotel Jude: I would like to add a few words related to this. At this moment, we are working at our 2021 budget, which includes the investment plan, and probably in the next 30 days the budget will be published. But we are doing our best efforts in order to invest only in such investment that will ensure us the best feasibility rates. Thank you!

Question from Iuliana Ciopraga (Wood & Company): Regarding Iernut, is indeed a risk of you returning the funding that you received? I didn't quite catch the answer.

Answer from Marius Aristotel Jude: There is a risk because the program stipulates that the investment should be finalized by June 2021. At the moment, we have to deal with that risk. For sure, we are doing our best efforts in order to get an extension of the PNI program term and, as soon as possible, after further discussion with the Energy Ministry, probably we will inform the investors related to the results.

But generally speaking, there is a risk even that we will probably extend the term, because - as I mentioned before - we will like to finalize the power plant Iernut by the end of this year. This is our main goal related to Iernut power plant. At the moment, we have to deal with that risk. Thank you!

Question from Iuliana Ciopraga (Wood & Company): And for Neptun, what are your long term assumptions regarding the gas prices? You were saying before that you are looking at all these projects in terms of feasibility. Can you say anything about what sort of internal rate of return you are using, or anything sort of detail on that?

Answer from Marius Aristotel Jude: At the moment, the financial model is analyzed internally and with our consultants. Due to the non-disclosure obligation, we cannot disclose this information now, but for sure, we are doing our best efforts in order to have the best assumption price, because it is an input of our economic model. Thank you!

Question from Iuliana Ciopraga (Wood & Company London): Coming back to Iernut and the funding for that, how much have you received for this project?

Answer from Marius Aristotel Jude: RON 136 million up to now.

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!

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