



CONFERENCE CALL
FOR THE DISCUSSION OF THE H1 2021 RESULTS
of ROMGAZ Group
August 16, 2021

PARTICIPANTS:

Razvan POPESCU

Chief Financial Officer

Ion FOIDAS

Production Department Director

Ovidiu PINCA

Exploration-Appraisal Director

Marius SABAU

**Head of Quantities, Contracting,
Transportation & Management**

Marius VEZA

Accounting Department Director

Cornelia SARDAN

Head of Prices

Daniel CORNEA

Head of Investment Project Management

Gabriela TRANBITAS

**Head of Financial Reporting & Accounting
Methodologies Department**

The Investor Relations Department

Page left intentionally blank

Mr. Razvan POPESCU, CFO:

INTRODUCTION TO THE CONFERENCE CALL

for the discussion of the H1/Q2 2021 Results – August 16, 2021

Good afternoon ladies and gentlemen,

Thank you for joining our conference call to discuss the results recorded by Romgaz Group in the First-Half of 2021.

We released the Board of Directors Report on Friday including the presentation of our operational and economic performance and the Interim Consolidated Financial Statements.

Also, an overall presentation of the group is available on our website.

We will start by presenting some highlights of the gas market environment in the First Half of 2021 compared to the same period of the previous year:

- We estimate that total natural gas consumption in Romania recorded an increase of around 8% in the first 6 months;
In Q2 alone - gas consumption advanced slightly more year-on-year, while imports almost doubled and weighted 35% of total consumption, according to our assessments.
- Average of Wholesale Gas Prices on the Romanian Commodities Exchange (Spot & Forward Markets) recorded a decrease of 2 digits in H1 2021 compared to the same period of 2020; these prices are considered as of the month of delivery;
- Regarding transactions made on the Central European Gas Hub (CEGH), we note that average reference prices in H1 2021 and in Q2 alone were more than double compared to the same periods of 2020, according to data provided by the National Agency for Mineral Resources.
- With respect to the gas sector regulation, please remember that on July 1st 2020, gas prices in Romania have been fully liberalized for producers and suppliers; nevertheless, selling price restrictions were enforced through the Gas Release Program through the regulator's Orders no 143 and 144 / 2020.

Accordingly, during July 1st 2020 and end-2022, large gas producers are required 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.

In summary - in H1 2021 compared to H1 2020 – part of the gas produced by large producers was subject to the Gas Release Program, and there was no regulated price cap for the gas sold to households.

Overall in the 1st Half of 2021, Romgaz Group recorded the following operational and financial results:

- Natural Gas Production increased by 12.2% year-on-year, in line with the budget.
The good performance is mainly due to investment efforts to extend and modernize the surface infrastructure, in order to start production in our gas discoveries and to increase output in current fields such as Caragele.
Also, we continued rehabilitation programmes in main fields, and performed workover operations which resulted in reactivation of certain high-flow wells.
We carried on optimisation of wells operation - by using modern methods to remove accumulated water, by monitoring operating parameters, and by using minimal invasive technologies for well workovers.
- We reached a strong market share of 41% of total gas deliveries in Romania, according to our estimate, and a market share of 53% in deliveries from domestic production in H1/2021. Both figures are significantly higher compared to 2020.
- On the sales side, “Own gas delivered to the market” improved by almost 23% in H1/2021 to 2.64 BCM - compared to the low level recorded in same period of 2020 due to the pandemic
- “Total Revenues from gas sold (including resales)” were up by 8%, with mixed impact from higher volumes sold and lower average selling price in this period
- “Revenues from Storage Services” were down by 37% on lower capacity reservation in the 2021-2022 storage cycle compared to the previous storage cycle
- “Revenues from Electricity” also recorded a decrease, due to the market demand, price evolution on competitive market segments and low operational capacity at Iernut old power plant
- Overall, we recorded “Total Revenues” of 2.25 billion RON, up by 2.6% year-on-year
- On the expenses side, we can mention that (1) “Gas & UGS royalties” increased significantly by 74% year-on-year - as a result of higher gas production and rising gas reference prices on CEGH; (2) “Windfall tax” decreased by 22% compared to last year; jointly, these 2 expenses recorded a 5% increase year-on-year
- In addition, we reported “Depreciation, amortisation and impairment expenses” higher by 6% compared to 2020
- Bottom line, our Net Profit stood at 762 million RON in the first 6 months – lower by 5% compared to 2020

- All profitability margins were strong: EBITDA margin at 52.7%, EBIT margin at almost 39% and Net profit margin at 33.8%.

For Q2 2021 alone, we highlight the following main results:

- Natural gas production recovered by 36.7% to 1.21 bcm (but we have to recall that Q2/2020 was seriously impacted by sanitary environment)
- Total Revenues were up by 21% year-on-year
- Net Profit reached 298 million RON, higher by 30% year-on-year
- All profitability rates recorded an increase – so we can mention EBITDA margin of over 53% and Net Profit margin - up to 32.3%.

Regarding our Balance Sheet, it continues to be robust, with zero indebtedness.

With respect to dividends, please recall that on April 27, the Shareholders Meeting approved the distribution of total gross dividends of 690 million RON – representing a Gross Dividend Pay-out Ratio of 55% for the last year.

On the capex side, we invested 225 million RON in the first 6 months, which accounted for 54% of the budgeted amount, as we detailed in our Half-Year Report.

Capex in H1 focused 27% on geological exploration, 69% on the upgrade of production equipment and other expenses, and the 4% balance represented investment in our gas storages.

Regarding the strategic development of Romgaz, we are in the process to reassess the “Development and Investment Strategy” that was approved mid-2020, in order to take into account the latest developments. Also, after the early termination of the construction contract of Iernut new power plant, we are in process to assess the optimal solutions to finalise this objective.

At the end of H1 we published the “2020 Sustainability Report” – which addresses the relevant issues within Romgaz Group regarding our economic, social and environmental performance.

We remain committed to develop the production potential, ensure the security of gas supply, and to develop new business lines.

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

Page left intentionally blank

Q&A SESSION

Question from Tamas Pletser (Erste Bank Investment, Hungary): What is the current status of the new Iernut power plant? When do you expect to finish this investment?

Answer from Razvan Popescu: So, in respect to the Iernut power plant, we have stated we have finished the assessment, we are waiting for the final report on the works that were completed and the works that remain to be completed and right now, the management is assessing the current state of the power plant and is looking to find the best solution. We are looking to start production in the Iernut power plant in late next year. Thank you!

Question from Gabor Szocs (Hold Asset Management, Hungary): When will Romgaz be able to monetize the high level of natural gas price?

Answer from Marius Sabau: Romgaz will monetize in the second part of this year and the beginning of next year. Thank you!

Question from Gabor Szocs (Hold Asset Management, Hungary): What is the usual duration of forward selling contracts?

Answer from Marius Sabau: So, the answer is one gas year - from October this year until September the other year. Thank you!

Question from Tamas Pletser (Erste Bank Investment, Hungary): When do you expect Romgaz bilateral agreements to be repricing in order to reflect the current higher prices on the Gas Exchange?

Answer from Marius Sabau: In the second half of this year and the first half of next year, because the contracts - as mentioned before - have a bit longer duration and the impact in our financial statement is from 6 months to one year. Thank you!

Question from Gabor Szocs (Hold Asset Management, Hungary): Is the company able to hedge the currently high level of natural gas prices?

Answer from Razvan Popescu: We do not usually hedge high prices. Producers may usually hedge low prices, but now - with the high prices - we do not expect any hedging. Thank you!

Question from Cristian Petre (NN Pensii, Romania): Are there any news on Neptun?

Answer from Razvan Popescu: We are in the process of negotiating with Exxon. As you know, we have issued a statement that we have received a facility clause until 15 October and we will inform the stock market if any news is of importance. Thank you!

Question from Laura Simion (BRD GSG, Romania): This is the second quarter when contracts concluded in 2020 determined a realised gas price significantly lower, over 20% versus market price. What should we expect for Q3 and Q4?

Answer from Cornelia Sardan: Prices for Q2 are under the market price because there are contracts that were concluded last year before October 2020 when the prices were very low, 62-64 lei/MWh. So, Q3 maintains the same trend as Q2, slightly increasing, so for the same reason, because there are the contracts that were concluded last year and are still ongoing until September this year. And starting with Q4 when the new gas year starts, the prices will be at the current market price. Thank you!

Question from Kian Huat Lim (CSAM, Singapore): Hi, can you share some colour on the realised price for Q2?

Answer: The team considers that the answer has been given previously. Thank you!

Question from Daniela Mandru (Swiss Capital, Romania): How much of production do you sell on the forward market?

Answer from Cornelia Sardan: On the forward market, we trade over 90%, even 95%. Thank you!

Question from Gabor Szocs (Hold Asset Management, Hungary): Is there any subsidy scheme for lower income families who will essentially have to face large price increase?

Answer from Razvan Popescu: This is not something that Romgaz knows or Romgaz can do, but we pay a windfall profit tax. Maybe, this is something that you should ask the government.

Question from Kian Huat Lim (CSAM, Singapore): Can you kindly advise on the status of lernut upgrade? Why is lernut not able to produce power ? we understand that the gas price is high, but so is power prices.

Answer from Razvan Popescu: On the old power plant of lernut, it is a matter of solution and also a matter of the quite low operational capacity of the old plant. Plus that the price of the CO2 certificates went up and we always try to find the best solution, which is the most profitable way - either to sell the gas, either to sell the energy and include the expenses from lernut. It was always a management decision to turn the plant on and off. Thank you!

Question from Iuliana Ciopraga (Wood & Company, Romania): In October 2021, will you be closing first year contracts as you have done last year?

Answer from Cornelia Sardan: So, related to the contracts periods, we have started yet to conclude contracts for the gas year 2021-2022, starting with October 2021 until September 2022. And yes, the 1-year contracts are going to be closed this October.

Question from Kian Huat Lim (CSAM, Singapore): How much of the gas is sold under contracts?

Answer from Marius Sabau: All the gas quantities produced by Romgaz are traded under contracts. These are traded on the Stock Exchange or through bilateral contracts with direct negotiation. Thank you!

Question from Cristian Petre (NN Pensii, Romania): Have you started to sell any 2022 production?

Answer from Cornelia Sardan: As it was mentioned before, we conclude contracts starting October 2021 and ending September 2022, and this means 9 months production for the next year. Thank you!

Question from Daniela Mandru (Swiss Capital, Romania): The electricity production of Romgaz would recover in H2 2021?

Answer from Razvan Popescu: It is very hard to say, it depends on the balance between the gas prices and electricity prices. If it is more profitable to sell gas directly on the market, we will do it. But if it is more profitable to keep the lernut power plant open, then we will do it, depending on the evolution of prices. Thank you!

Question from Tamas Pletser (Erste Bank Investment, Hungary): Are your plans in power generation and petrochemicals depending on Neptun acquisition or not?

Answer from Razvan Popescu: Not necessary depend on the Neptun acquisition, but that is why Romgaz is trying to diversify its portfolio both on and offshore - to extract more gas and to use it where we find it more profitable. Thank you!

Question from Laura Simion (BRD GSG, Romania): From ANRE data your volumes on end-consumer market increased by 20% in Q1 2021 vs Q1 2020. What is behind this numbers - new clients, increased consumers from existing clients, did you have an active strategy for increasing market share on end-consumer segment?

Answer from Cornelia Sardan: With respect to the consumers, they are the same consumers, but they increased the quantities and please have in mind that H1 2020 was impacted by the Covid pandemic. Thank you!

Question from Iuliana Ciopraga (Wood & Company, Romania): So we should understand that you are mostly selling on the forward market using 1-year contracts?

Answer from Cornelia Sardan: Yes, this is true. We sell on the forward market using 1-year contracts. Thank you!

Question from Gabor Szocs (Hold Asset Management, Hungary): Do you plan to change the 2020-2025 15.7 billion RON investment program in light of the Neptun bid?

Answer from Razvan Popescu: Yes, we are actively working on the new Romgaz Strategy, we are trying to align it to the new EU Green Deal and also to have a de-carbonization program separately and a de-carbonization strategy. This time we are working on the new plan that will probably be presented in one month.

Question from Laura Simion (BRD GSG, Romania): I did not understand clearly, you mentioned a revise of investment strategy published last year?

Answer from Razvan Popescu: I mentioned that and we are actively revising that strategy in line with the new EU Green Deal and the de-carbonization strategy that Romgaz will implement.

Question from Iuliana Ciopraga (Wood & Company, Romania): How much do you plan to sell via bilateral contracts starting October 2021?

Answer from Cornelia Sardan: The answer is 40-45% from Romgaz production. That is for deliveries. Thank you!

Question from Kian Huat Lim (CSAM, Singapore): How much of gas is sold under 1-year contracts and how much is sold via shorter term contracts?

Answer from Cornelia Sardan: Approximately 80% of the gas is sold under 1-year contracts and the rest of the production is sold on shorter-term contracts. Thank you!

Question from Iuliana Ciopraga (Wood & Company, Romania): Prices from bilateral contracts reflect market conditions at the time they are closed? Are they fixed or variable?

Answer from Cornelia Sardan: The price is fixed for bilateral contracts, under Romgaz methodology. Thank you!

Question from Gabor Szocs (Hold Asset Management, Hungary): During which period does Romgaz pre-sell the natural gas for the next gas year? (2021 October to 2022 September)

Answer from Marius Sabau: For the gas year 2021-2022, Romgaz sent on the gas market the offers, following in the next period to conclude the contracts valid from October 2021. Thank you!

Question from Jonathan Lamb (WOOD & Company, UK): Can you take advantage of high gas prices by exporting?

Answer from Cornelia Sardan: Taking into consideration that we didn't have any request in this respect, we do not forecast to export gas in the near future. Thank you!

Question from Gabor Szocs (Hold Asset Management, Hungary): So which period's average gas price determines the next gas year average selling price?

Answer from Cornelia Sardan: The average gas price is determined from the stock market quotations for the contract period. Thank you!

Question from Kian Huat Lim (CSAM, Singapore): Will the company be publishing a long term ESG/environmental strategy?

Answer from Razvan Popescu: Yes, the ESG strategy will be included in the overall Romgaz strategy as a separate point - in line with the EU Green Deal. Thank you!

Question from Tamas Pletser (Erste Bank Investment, Hungary): Can you increase your production in the next quarters to utilize higher demand?

Answer from Ion Foidas: For the next period we will produce at maximum capacity - as budgeted. Thank you!

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!

DISCLAIMER

Romgaz Group (Romgaz or Romgaz Group or The Company) consists of SNGN Romgaz SA as parent company, Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL (subsidiary owned 100% by Romgaz SA), Depomureș SA (40% owned by Romgaz SA) and SC Agri LNG Project Company SRL (25% owned by Romgaz SA).

This document was prepared by SNGN Romgaz SA for the presentation of the H1/2021 Financial Results.

This document is for your information only and all statements contained herein are related to intentions, assumptions and forecasts made by SNGN Romgaz S.A. or by its management. None of the information included herein shall be assumed as an invitation, an offer, a recommendation or an opinion expressed by SNGN Romgaz S.A. to subscribe, purchase or sell any securities. Also, this document and all information included herein shall not form the basis of any contract, investment decision or commitment whatsoever. This document and all information included herein shall not be treated as a consultancy or advice whatsoever.

This presentation is not an offer for sale of securities in the United States or any other jurisdiction. The Company's shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States.

To the extent available, the industry, market and competitive position data contained in this presentation has come from official or third party sources. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein. Accordingly, undue reliance should not be placed on any of the industry, market or competitive position data contained in this presentation.

This presentation may include certain forward-looking statements, beliefs or opinions. No representation is made that any of these statements, beliefs or opinions will be achieved. There are a number of risks, uncertainties and factors that could cause actual results and developments to differ materially from those expressed or implied by these statements, beliefs or opinions. Past performance of the Company cannot be relied on as a guide to future performance.

This document does not purport to contain all information that may be necessary in respect of the Company or its securities and each person receiving this document should make an independent assessment.

Neither SNGN Romgaz S.A. nor its directors, management, employees and their consultancies can be held responsible for any losses or damages howsoever arising, directly or indirectly, from any use of this document or its contents.

All figures included in this presentation are rounded ("round to nearest" method).