



ROMGAZ – May 2015



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

Largest Reserve Holder, Producer and Supplier of Natural Gas in Romania

Gas Exploration & Production

- Onshore mature natural gas reserves base¹: 1P 62 bcm, 2P 75 bcm
- Production: 1.44 bcm in Q1/15, -1.9% y/y (stabilised at 5.66 bcm in 2014, +0.23% y/y)
- >140 commercial gas fields
- Significant onshore and offshore exploration potential

Gas Supply

- Around 46% market share in Romania

Underground Storage

- Working capacity: 2.76 bcm, market share of over 90% in Romania
- Regulated activity (revenue-cap methodology)

Electricity Production

- 800 MW installed capacity – total delivery 146 GWh in Q1/15 (1,710 GWh in 2014)

Key Financials (RON mln)

	<u>2013</u>	<u>2014</u>	<u>Q1/2014</u>	<u>Q1/2015</u>
Revenue	3,894	4,493	1,449	1,365
EBITDA	1,960	2,490	859	842
<i>EBITDA margin</i>	<i>50.3%</i>	<i>55.4%</i>	<i>59.3%</i>	<i>61.7%</i>
Net Profit	996	1,410	608	563
<i>Net margin</i>	<i>25.6%</i>	<i>31.4%</i>	<i>42.0%</i>	<i>41.2%</i>
Dividends ²	991	1,214	-	-
CAPEX	848	1,085	201	216

¹ Based on CPR prepared by DeGolyer&MacNaughton updated to June 30, 2013

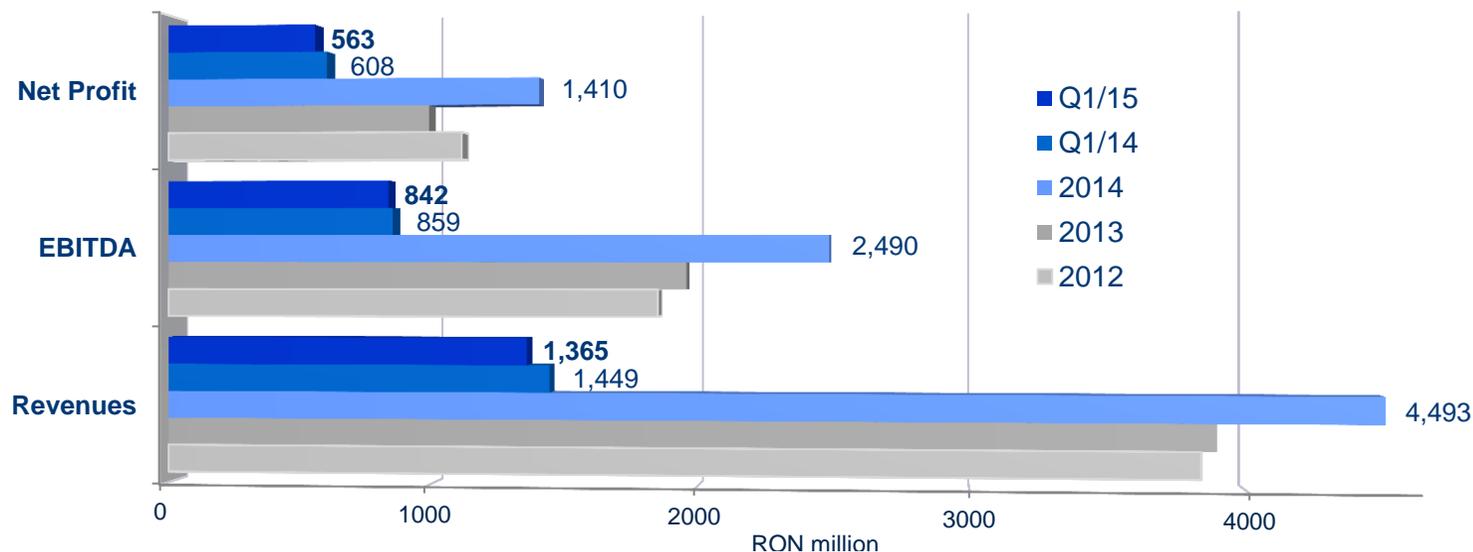
² Distributed from the year's net profit

Key Financials for 2012 – Q1/2015

Romgaz maintained strong profitability in Q1/2015

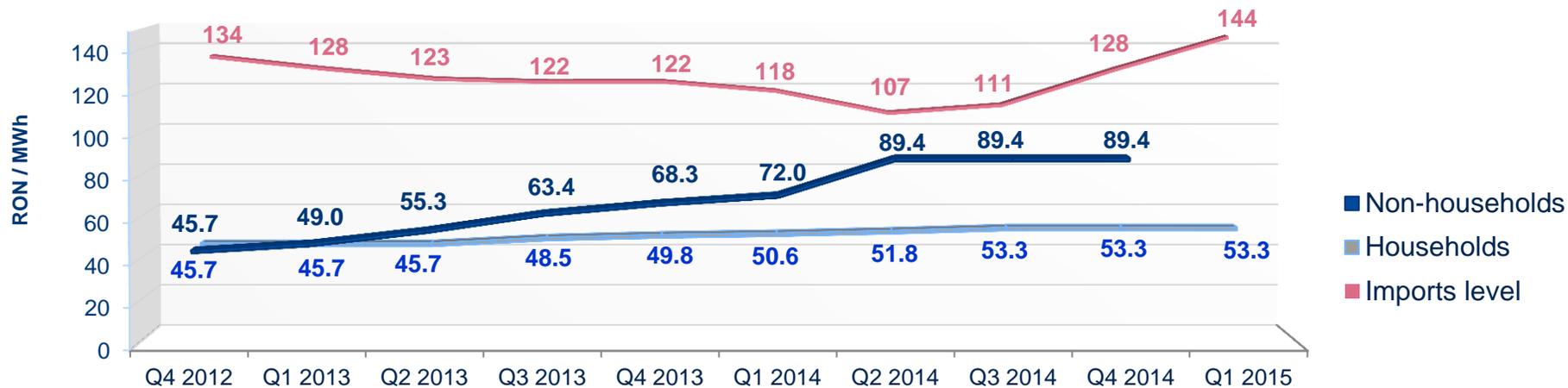
- ✓ Revenues from gas sales - domestic production (incl JV): +6.4% y/y on higher gas prices, total sales -5.8% y/y in Q1/15
- ✓ EBITDA: -2.0% y/y to RON 842 mln due to strict cost control, +47% q/q
- ✓ Net Profit: -7.4% y/y to RON 563 mln in Q1, almost twofold q/q
- ✓ EBITDA margin jumped to 61.7%
- ✓ Net margin remains robust at 41.2% in the first 3 months of this year.

Positive financial performance reported during 2012 – Q1/2015



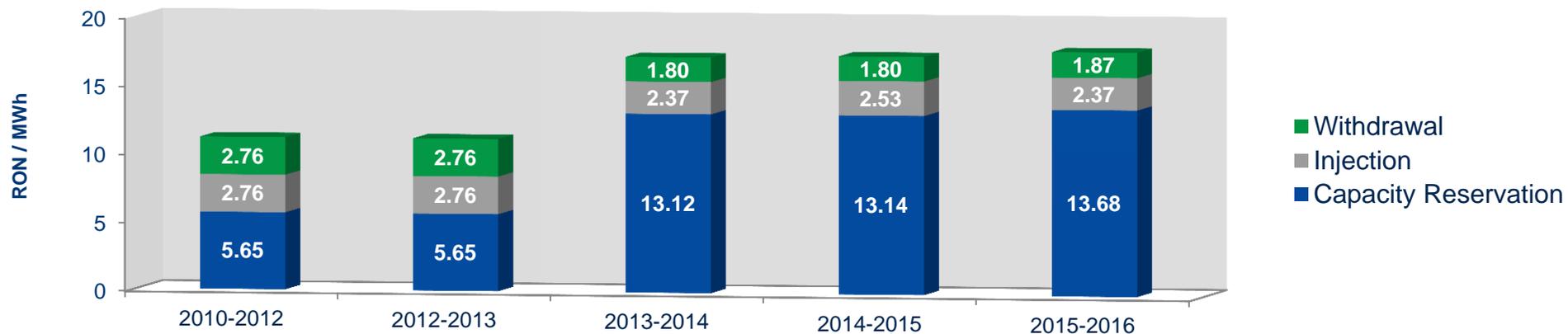
Factors with impact in Q1/15 vs Q1/14

Higher regulated gas production prices



Higher storage tariffs

Source: ANRE, Romgaz



Favorable Financial Performance in Q1/15

Profit and loss account



Romgaz continues to post elevated profitability in Q1/15

Selected P&L items RON

RON mln	2012	2013	2014	Q1/14	Q1/15
Revenues - of which	3,838	3,894	4,493	1,449	1,365
① Revenues from Gas Production	2,508	2,808	3,553	1,099	1,170
② Revenue from Gas Resale	1,053	461	131	97	6
③ Revenue from Services	270	394	455	161	156
④ Revenue from Energy		207	336	88	30
Other income	134	54	108	14	13
Cost of commodities sold	-905	-439	-176	-102	-11
Changes in inventory	111	56	28	-102	-93
Raw materials	-118	-79	-66	-24	-22
Exploration expense	-193	-59	-43	0	0
Employee benefit expense	-503	-504	-523	-108	-108
Other gains and losses	-50	-204	-275	-12	-23
Other expenses	-436	-745	-1,035	-252	-276
Finance costs	-24	-13	-24	-4	-5
EBITDA	1,854	1,960	2,490	859	842
EBITDA margin	48.3%	50.3%	55.4%	59.3%	61.7%
D&A	-606	-782	-777	-144	-176
EBIT	1,248	1,177	1,713	715	665
EBIT margin	32.5%	30.2%	38.1%	49.3%	48.7%
Investment income	148	123	79	18	14
Profit before tax	1,396	1,301	1,788	733	679
Income tax	-276	-305	-378	-124	-116
Net Profit	1,119	996	1,410	608	563
Net margin	29.2%	25.6%	31.4%	42.0%	41.2%

Breakdown of Revenues

- 1 Main source of revenue is the sale of gas production, which increased by 6.4% y/y in Q1/2015 mostly due to higher prices; related quantity sold decreased by 4.7% y/y
- 2 Revenue from imported gas resale recorded a downward trend due to weaker market demand as well as to the ANRE Order no 24/2013
- 3 Revenue from gas storage declined by 3.2% y/y influenced by quantities of gas injected in / withdrawn from UGS and tariffs
- 4 Romgaz started the electric power production after the takeover of Iernut plant in 2013.

- Main events in 2014 were the state's decision to delay the deadline for the gas price deregulation process for households by 2.5 years to mid-2021, to decrease the social insurance contribution rate paid by employers by 5% (the latter starting Sept) and the infrastructure tax by 33% for 2015
- "Other expenses" include main taxes paid by the company: Gas royalties (Q1/15: RON 75 mln; FY2014: RON 290 mln); Windfall profit tax on the additional revenues obtained by gas producers as a result of the price deregulation process (Q1/15: RON 127 mln; FY2014: RON 377 mln); Tax paid on special constructions due starting Feb 1, 2014 (Q1/15: RON 16 mln; FY2014: RON 92 mln)
- "Other gains and losses" in Q1/15 slightly increased due to the setup of an additional bad debt allowance for Electrocentrale Galati
- "Investment income" represents interest from cash deposits and state bonds
- EBITDA margin climbed to 61.7% in Q1/15 on cost control
- EBIT margin stood at 48.7%
- Net margin was robust at 41.2% in the first 3 months of 2015.

Financial Performance

Balance Sheet Summary



Robust Balance Sheet Structure, Debt-free in Q1/15 as well

Selected Balance Sheet Items

RON mln	2012	2013	2014	End-Q1/15
Total non-current assets, thereof	6,190	6,246	6,448	6,480
Property plant and equipment	5,881	5,767	5,963	5,947
Other intangible assets	231	384	407	456
Trade and other receivables	53	-	-	-
Total current assets, thereof	4,215	4,231	4,364	4,891
Inventories	508	464	392	313
Trade and other receivables	907	1,087	1,000	1,111
Govt securities and bank depos (+3mo maturity)	928	971	916	1,303
Cash and equivalents	1,739	1,564	1,954	2,019
Other assets	132	146	102	145
Total assets	10,405	10,477	10,812	11,371
Shareholders' Equity				
Share capital	1,890	1,893	385	385
Reserves	1,774	1,950	2,142	2,148
Retained earnings	5,681	5,450	7,184	7,742
Total Shareholders' Equity	9,345	9,293	9,712	10,275
Non-current liabilities, thereof	486	423	431	425
Provisions	165	197	202	203
Current liabilities, thereof	574	762	669	672
Trade and other payables	293	203	217	149
Total liabilities	1,060	1,184	1,100	1,096
Total equity and liabilities	10,405	10,477	10,812	11,371

Selected Cash Flow Items

RON mln	2012	2013	2014	Q1/15
Net profit for the period	1,119	996	1,410	563
Operating Cash Flow before Δ WC	2,099	2,249	2,824	866
Movements in working capital	-350	-278	-10	-125
Cash flows from operating activities	1,452	1,687	2,313	649
Cash flows from investing activities	-196	-802	-934	-583
Cash flows from financing activities	-945	-1,060	-988	-1
Net increase/(decrease) in cash and cash equivalents	311	-176	390	66

Working Capital

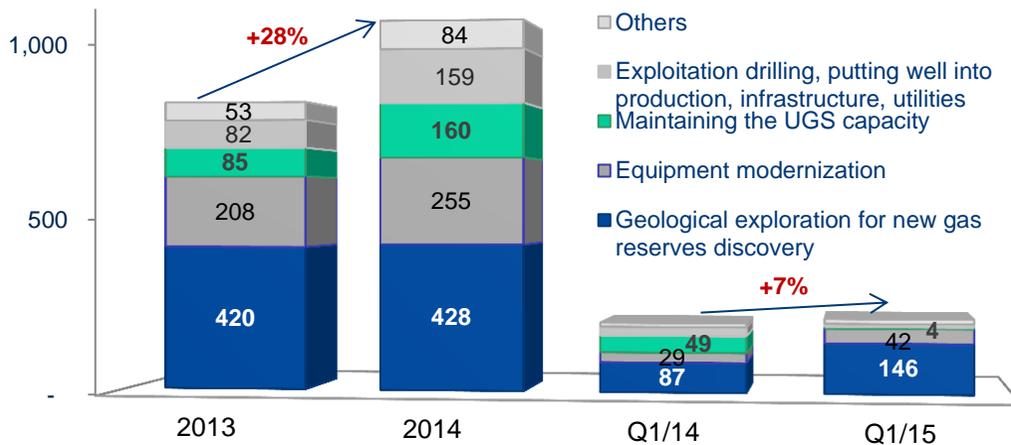
RON mln	2012	2013	2014	End-Q1/15
Inventories	508	464	392	313
Trade and other receivables	907	1,087	1,000	1,111
Trade and other payables	293	203	217	149
Borrowings	0	0	0	0
Current tax liabilities	68	201	94	125
Other liabilities	185	311	323	362
Trade working capital	869	836	759	789
Cash and cash equivalents (govt securities / bank depos not incl)	1,739	1,564	1,954	2,019
WC	2,609	2,400	2,713	2,808
Trade WC ratio *	22.7%	21.5%	16.9%	14.4%
WC ratio * (* annualised for Q1/15)	68.0%	61.6%	60.4%	51.4%

Key Financial Data

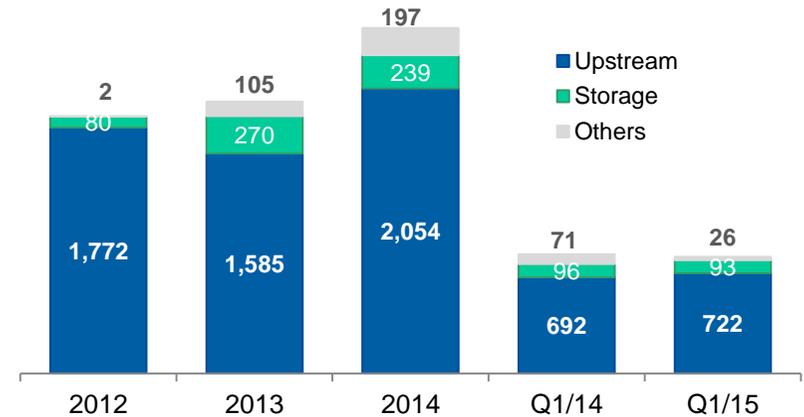


Healthy FCF combined with a +50% Dividend Payout Ratio

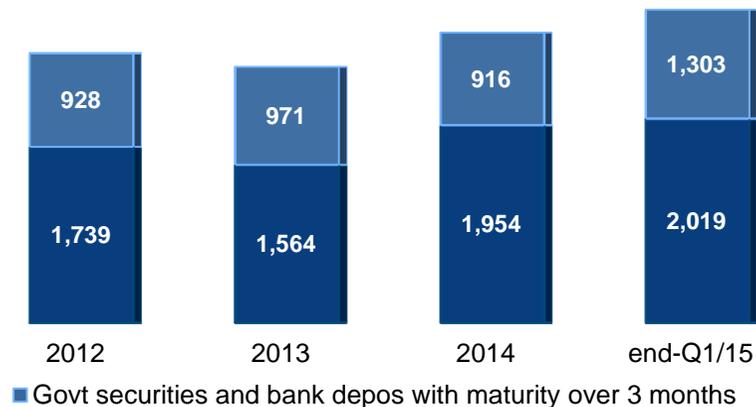
Capital Expenditures (RON mln)



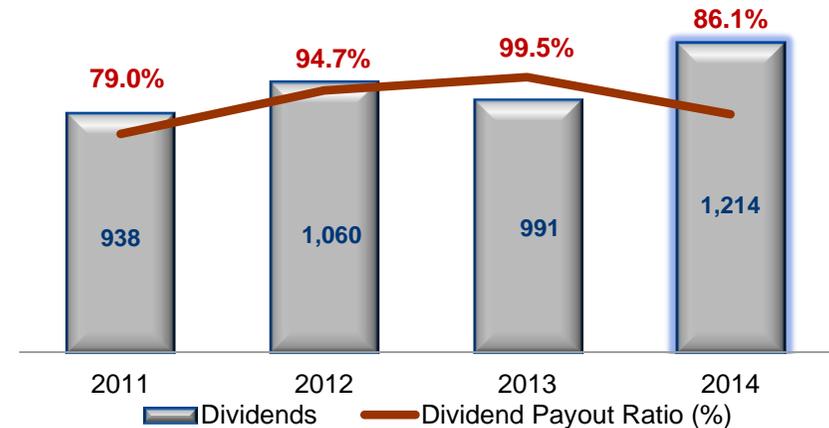
EBITDA Breakdown (RON mln)



Net Cash and other Short Term Financial Assets (RON mln)

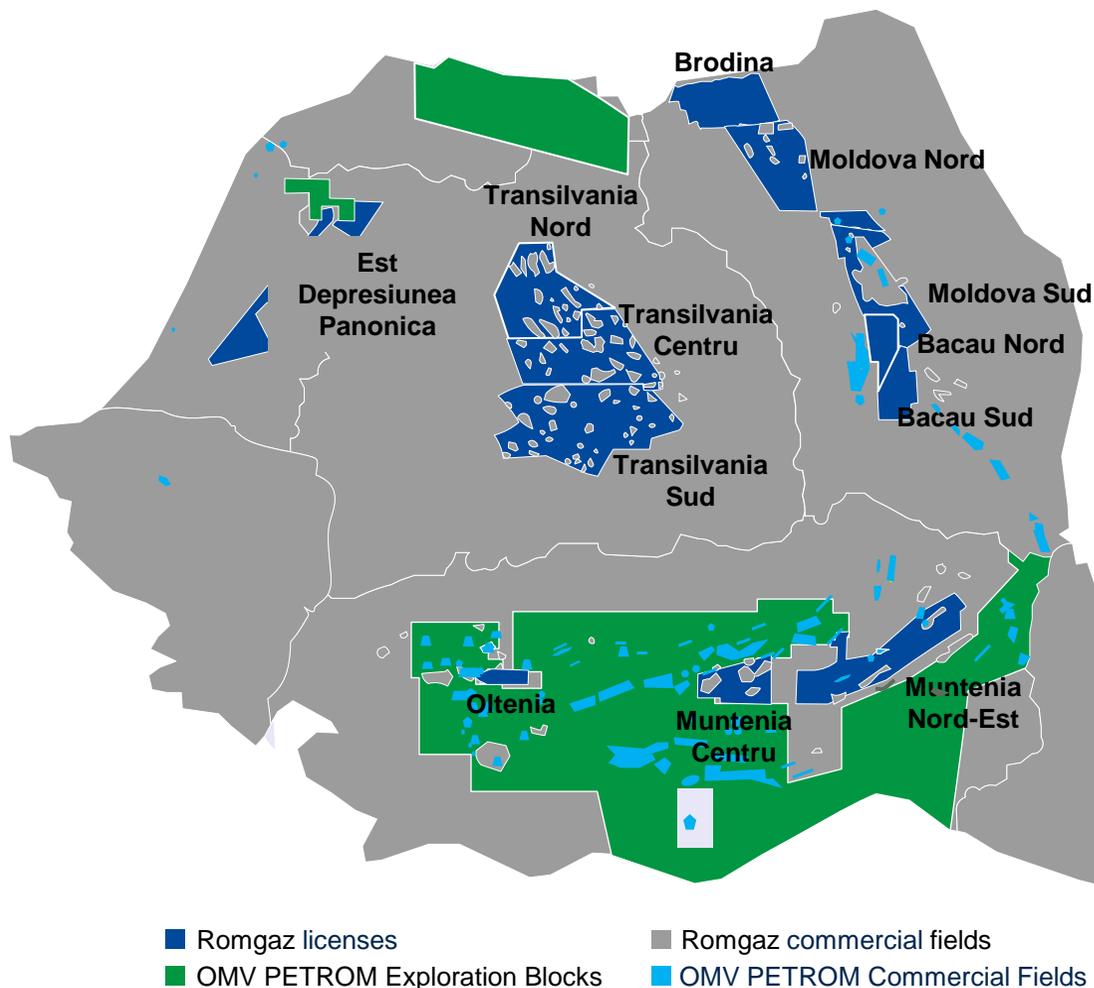


Gross Dividends (RON mln) and Payout Ratios

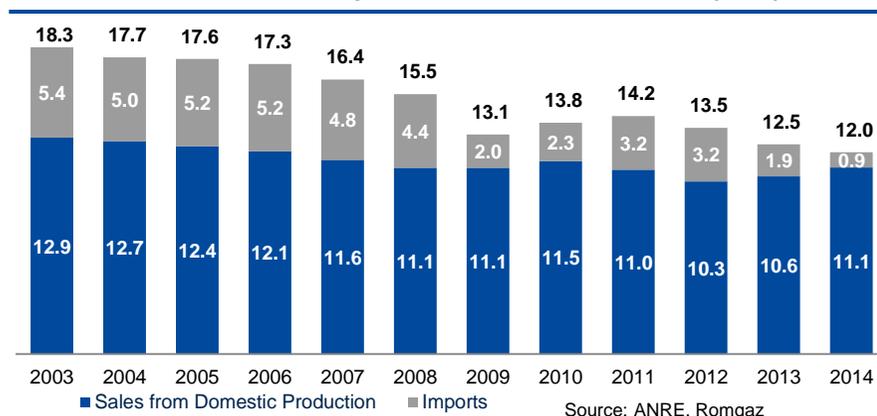


Gas Resource Overview in the Country

Mature Market With Long History of Production and Significant Upside Opportunities



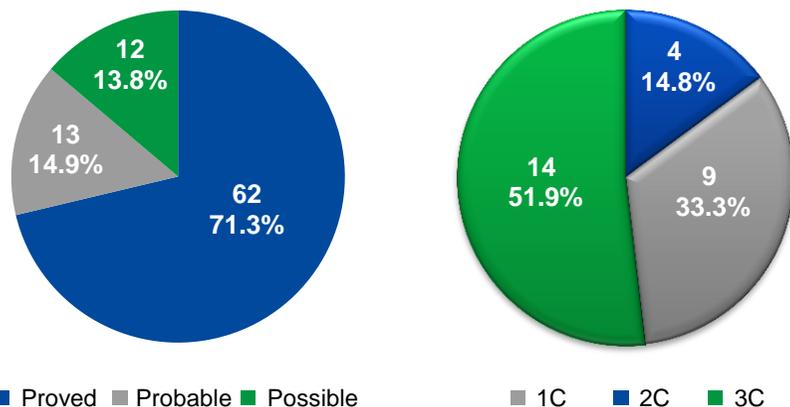
Total Gas Consumption in Romania 2003-2014 (bcm)



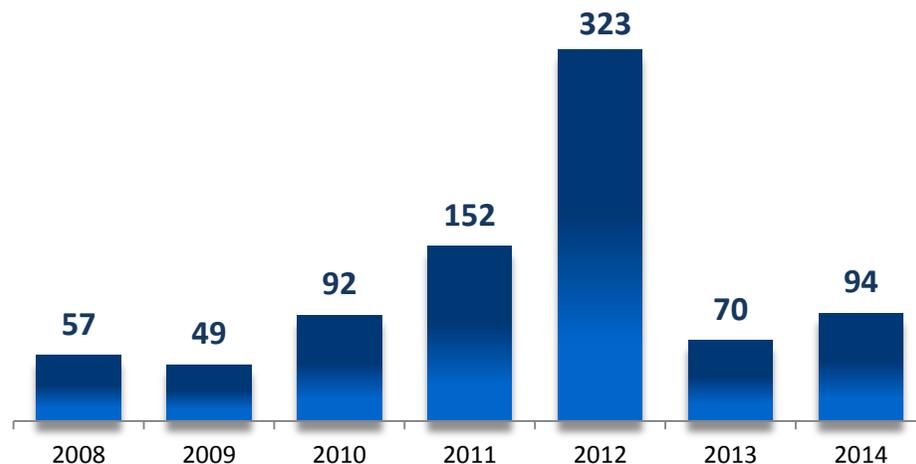
- Mature province with more than 100 years of production history from conventional reservoirs
- Recent use of new technologies to mitigate production decline
- Large discovered resources to be brought on stream
- Significant exploration potential from conventional and unconventional reservoirs
- Recent offshore discoveries in Black Sea

Sizeable reserve base with a significant portion proven developed

Audited Reserves¹ and Contingent Resources² (bcm / % of total)



Revisions and New Discoveries Reserves Replacement Ratio (%)



- Three production areas: **Transylvanian Basin (around 90% of production)**; Muntenia Moesian Platform and Moldavia Platform
- **25 fields hold about 70% of Romgaz reserves** (average size of proved reserves per average field is of 450 million m³, with 17 fields with over 1 bcm)
- **Recovery factors between 55% and 85%** for most fields (90% in the more mature fields)
- **Six gas storage facilities** – native gas acts as cushion gas in the storage process

- Reevaluation driven by investment in well workovers and installation of compressors
- Effect of increasing gas prices
- Bringing existing discoveries on-stream
- New discoveries

Source: CPR prepared by DeGolyer&MacNaughton updated to June 30, 2013.

¹ Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.

² Application of any risk factor to contingent resources quantities does not equate contingent resources with reserves.

Significant Resource Upside Potential

- ✓ Petroleum agreements for 9 onshore exploration blocks (about 17,650 km² across the Transylvania, Moldova, Oltenia and Muntenia basins) with 100% working interests
 - 30 gas accumulations were discovered since 2000 contributing over 3.8 bcm cumulative production
 - Contingent resources (C2) in 21 discoveries of c. 19.4 bcm (2014 preliminary: new confirmed C2 resources of about 5 bcm)
- ✓ Current exploration phase 2011-2016 with 3D/2D seismic data and 75 wells
- ✓ Total investment of approximately \$520 mln
- ✓ Development programme in progress for 38 new wells tested (22 were successful, 12 were dryhole, the rest - 4 - are currently in progress)
- ✓ Total P50 unrisky prospective volumes of c. 80 bcm; prospects in low-risk and deeper horizons (2014 preliminary: new P50 resources identified of c. 2 bcm)
- ✓ 10% interest in offshore exploration in the Black Sea with Lukoil and Pan Atlantic (East Rapsodia + Trident) for c. 2,000 km²

Exploration Works 2012-2014 of the Key Nine Blocks

	2012		2013		2014	
	Units	RON mln	Units	RON mln	Units	RON mln
3D (km ²)	700	52	1,830	145	1,218	82
2D (km ²)	517	23	224	9	451	20
Well drilling	5	66	25	206	20	260
Other works ⁽¹⁾	-	9	-	7		5
TOTAL		150		367		348

Exploration Drilling Program 2015

		2015
Contingent Resources (C2)	No. of wells	13
	Assessments of resources (bcm) ⁽²⁾	10
Prospective Resources (P50)	No. of wells	25
	Assessments of resources (bcm) ⁽²⁾	31

Overall in 2014:

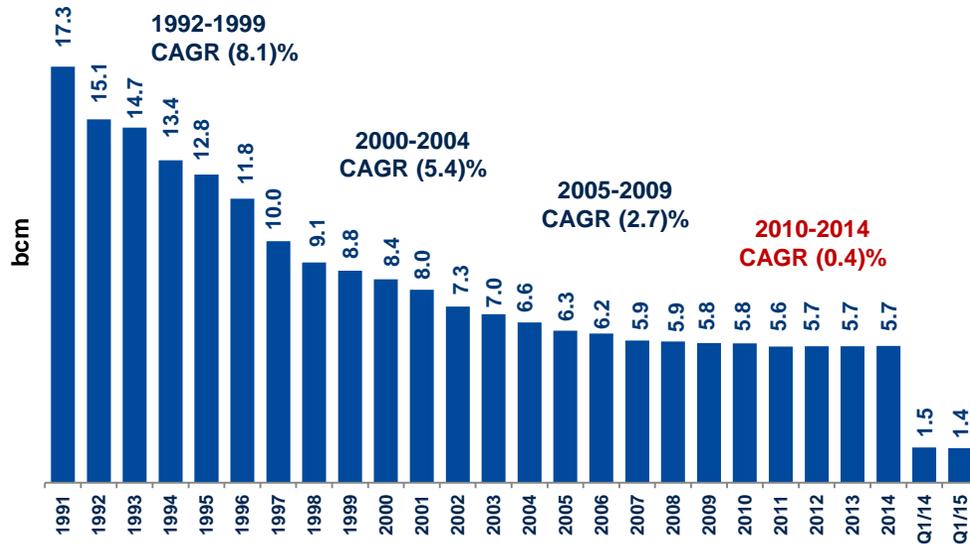
- ✓ 3D seismic services acquired on a surface of 1200 km²
- ✓ 3D+2D seismic surveys in Moldova, Muntenia and Oltenia
- ✓ Drilling of total 20 new exploration wells
- ✓ Drilling of the first well in the Black Sea (Rapsodia block) initiated

¹ Other works: MT sounding, Gore-Sorber surveys and development for experimental production.

² Based on Romgaz own assessment.

Arresting Production Decline via Application of New Technologies

Romgaz Annual Production 1991- Q1/2015 ¹⁾



✓ **Production decline rate stabilized at 0.4% over the last 5 years due to:**

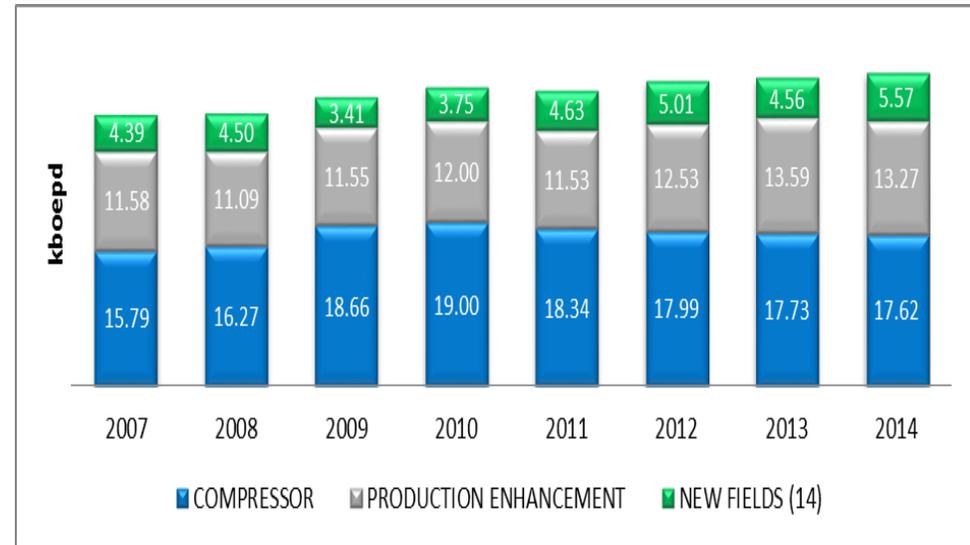
- Installation of gas compression and production enhancement/rehabilitation
- Acquisition of 3D seismic data, dynamic and static reservoir modelling
- Production from new discoveries

✓ **Works performed in 2014:**

- 12 new wells started production
- 175 workover wells with output estimated at 0.15 bcm (vs 166 wells / 0.17 bcm in 2013)

(1) including 100% Schlumberger

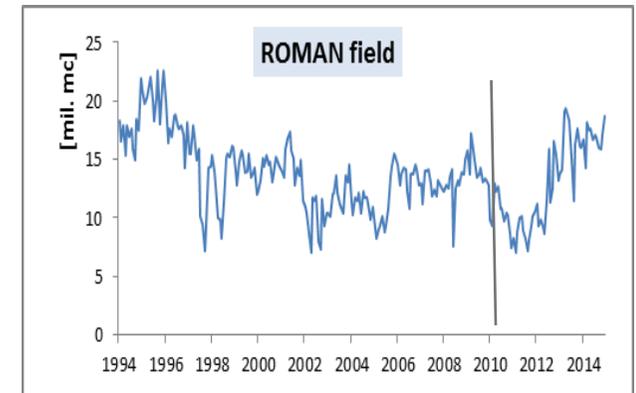
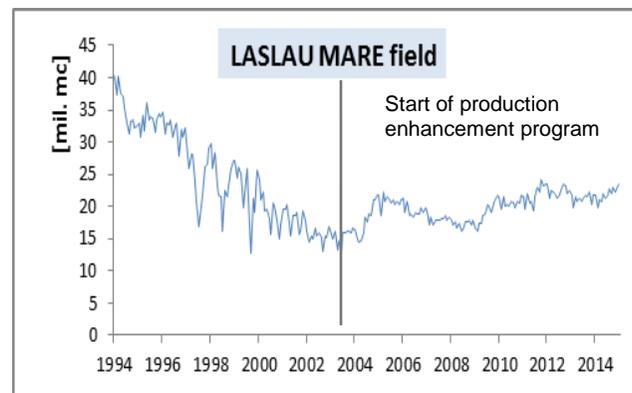
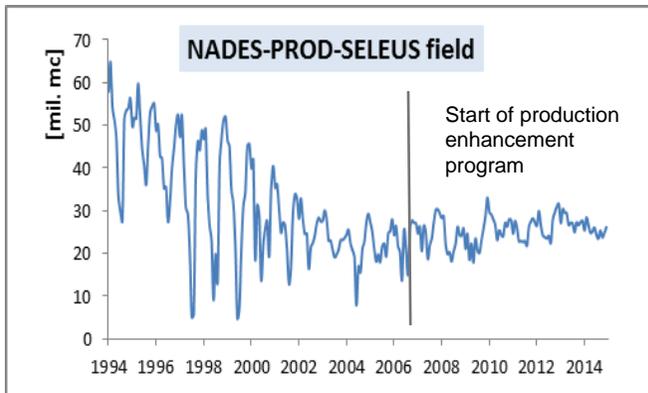
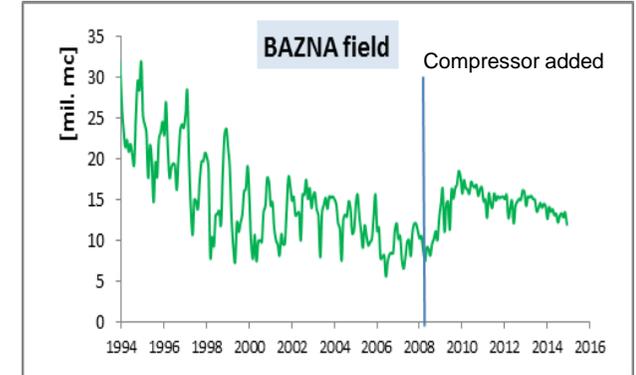
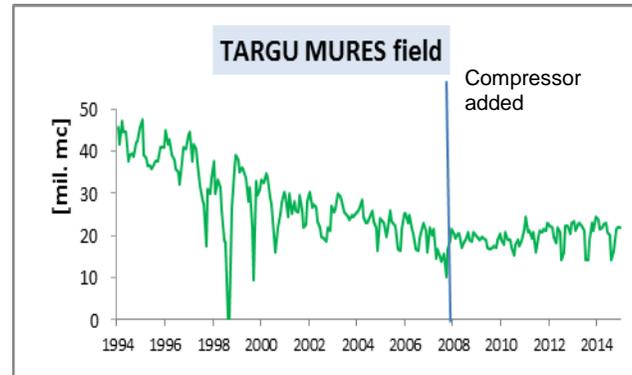
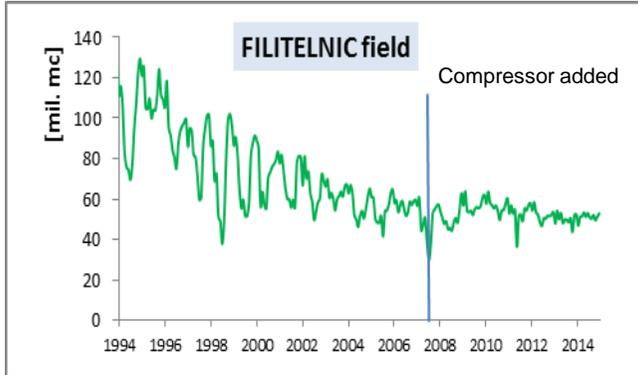
Arresting Production Decline – Enhanced Production from Selected Fields²⁾



- Gas compression added to a number of fields
 - Including Filitelnic, the largest field in Romgaz's portfolio
- Production rehabilitation measures
 - Romgaz driven for some fields
 - Partnership with Schlumberger and Amromco for other fields

⁽²⁾ Selected fields: (i) compression added Bazna, Filitelnic, Tg. Mures, (ii) production rehabilitation (Nades, Laslau, Roman) and (iii) 14 new producing fields. Production enhancement includes activities focused mainly on well workovers and new completion techniques.

Successful production enhancement in some key fields



Commercialising the Gas

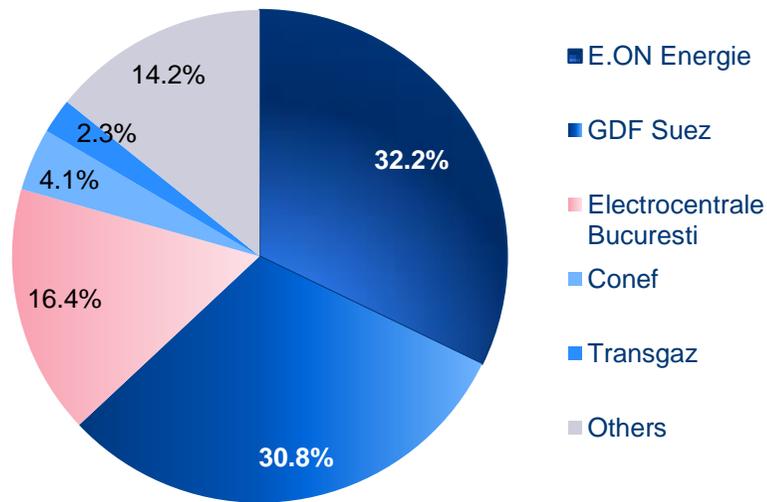
Total Gas Supply and main Customers



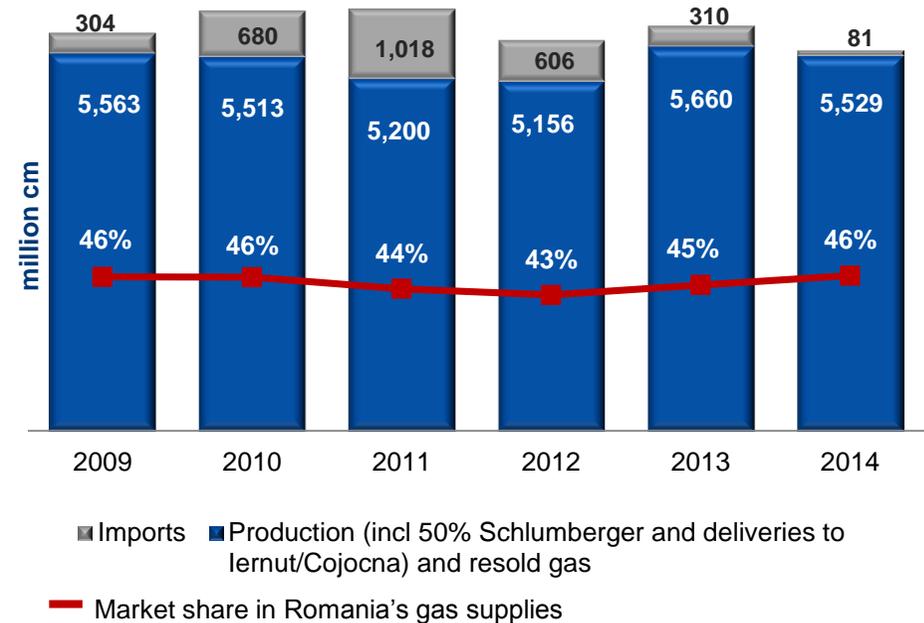
Largest Supplier of Gas in Romania (Domestic Production + Imports) Largest Producer with entire production sold locally

- Breakdown of volume sales: 56.1% Households (including thermal plants for the gas used for Households heating) + Industry 43.9% in 2014
- Around 63% of Romgaz' gas sales are to E.ON Energie and GDF Suez in terms of volume (2014)
- Significant market share in Romania's gas supply

Romgaz Key Clients in 2014



Romgaz Gas Deliveries in Romania's Total Supply



Sources: Romgaz, ANRE

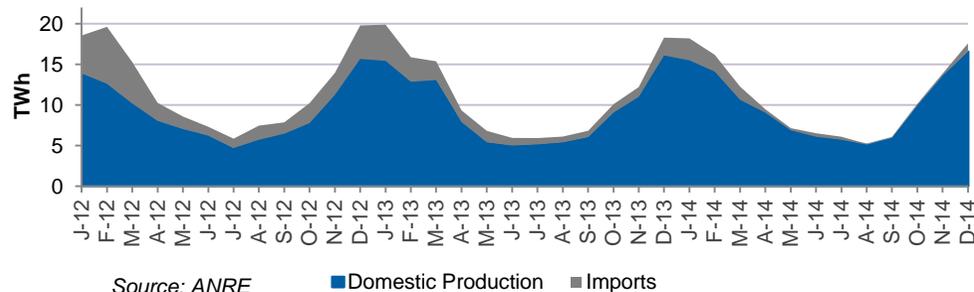
Romgaz is the Largest Owner and Operator of Gas Underground Storage Facilities in Romania Romgaz Entered the Power Segment with the Acquisition of Iernut Power Plant (CTE Iernut)

Underground Gas Storage

- Romgaz owns six facilities (90% market share) - working capacity 2.76 bcm plus 40% stake in joint venture with Gaz de France - Depomures (300 mln cm)
- Regulated by ANRE using the revenue-cap methodology – third 5-year regulatory period started in Apr 2013, royalties of 3% of operating revenues
- Capacity expansion plans: Sarmasel (0.9 bcm/cycle) - Urziceni (0.360 bcm/cycle completed in 2014)

UGS	Working Capacity	UGS	Working Capacity
Bilciuresti	• 1,310 mln cm/cycle	Cetatea de Balta	• 200 mln cm/cycle
Sarmasel	• 800 mln cm/cycle	Ghercesti	• 150 mln cm/cycle
Urziceni	• 250 mln cm/cycle	Balaceanca	• 50 mln cm/cycle

Seasonality of Gas Consumption in Romania



Electricity Production

- In 2013 Romgaz expanded its business by the acquisition of CTE Iernut Power Plant as settlement of a receivable worth RON 653 mln from Electrocentrale Bucuresti
- Power plant with good strategic positioning in the middle of the Romanian electricity system
- Power plant built between 1963-1967; an installed capacity of 800 MW (4x100 MW, 2x200 MW)
 - 2x100 MW to be out of service in January 2016 (environmental issues)
 - Units 5 & 6 (2x200 MW) can operate until 2020
 - Units 1 & 4 (2x100 MW) being modernized (to reduce NO_x emissions)
- Market share of 2.4% in terms of electricity production achieved in 2014 (output level of c. 1,435 GWh)
- Total delivery of 146 GWh in Q1/15 (460 GWh in Q1/14)
- Optimising gas production - electricity production - storage injection
- Shareholders Extraordinary Meeting in January approved the initiation of a refurbishment project for Iernut plant in the form of a JV, for building a new plant of max.400 MW and gross electrical efficiency of min.55%

Increase of the gas resources and reserves portfolio through the discovery of new resources and the improvement of the recovery rate of already discovered resources

- **Enhanced recovery and development of already discovered resources**
 - Extend the life of and the amounts recoverable from existing fields
 - Appraisal of substantial contingent resource base and subsequent conversion into reserves
 - Continue cooperation with Schlumberger and other partners
- **Discovery of new resources in established geological plays**
 - Further exploration program (existing and new licenses)
 - Acquire additional blocks for exploration and development of conventional onshore gas resources

Seeking New and Diversified Growth Opportunities

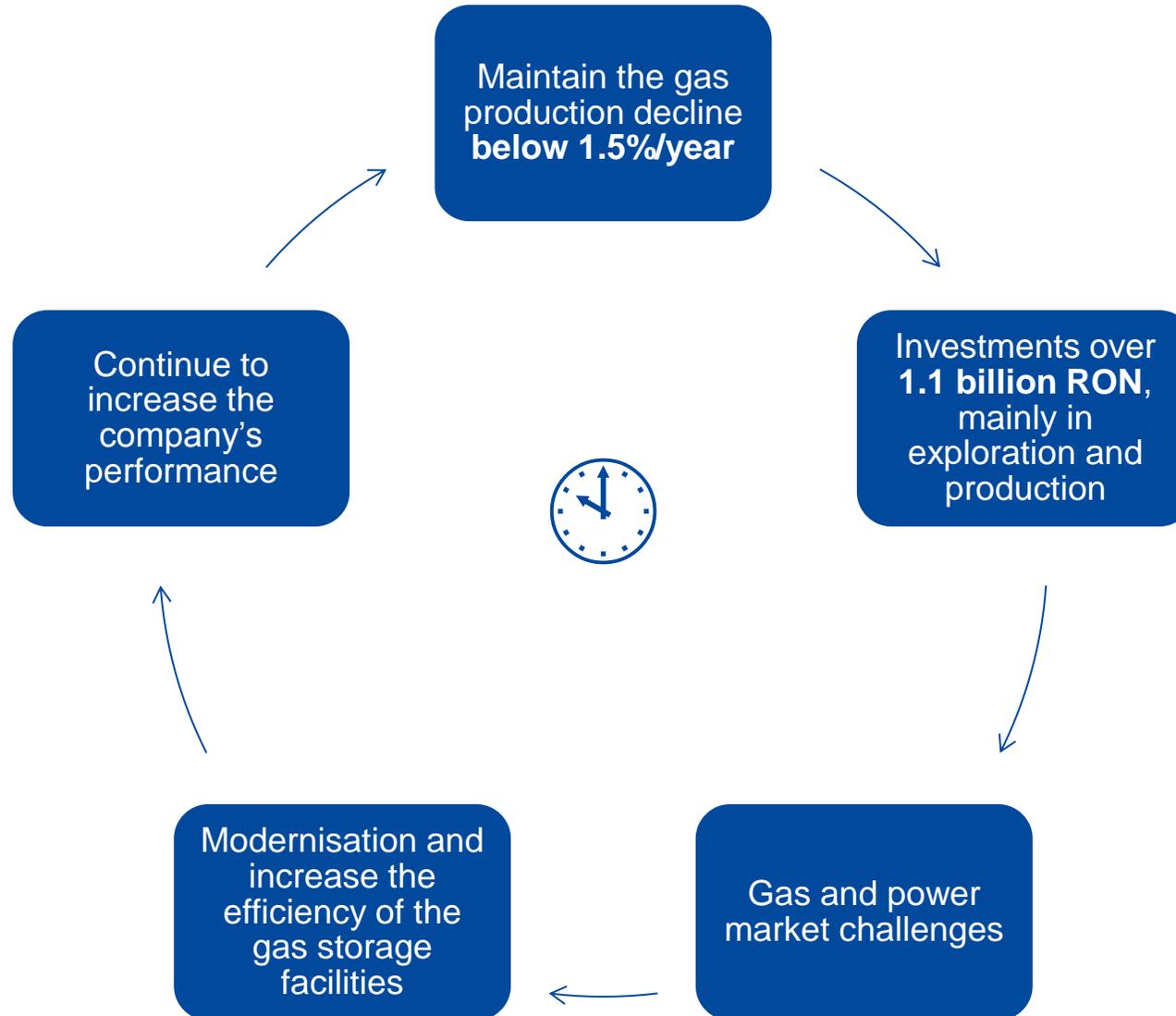
- **Frontier Reservoirs**
 - Further development of on-shore sub-salt reservoirs
 - Exploration of unconventional potential in Romania
 - Increasing focus on deep water reservoirs (Black Sea)
- **Potential international opportunities**

Increasing the company's performance

- Optimizing the Company's Policies and Procedures (monitoring and reporting)
- Risk and Controls Management
- IT systems

Optimization, development and diversification of the UGS activity by reconsidering its importance in view of safety, continuity and flexibility of the natural gas supply

- Increase the efficiency of the gas storage facilities in order to Enhance Gas Trading Capabilities



2014 - 2015 Selected Events

March 26, 2014

Govt issued Order no. 13 / 2014 to amend the Ordinance no 7 / 2013 regarding the windfall tax on the additional revenues obtained by gas producers from the gas production price deregulation.

April 9, 2014

ANRE issued Order no. 29/2014 regarding the regulated income and tariffs to be applied during the third year April 2014 – Dec 2014 of the third regulatory period for the supply of UGS-related services by S.C. ROMGAZ S.A.

June 11, 2014

Govt issued Ordinance no. 35 / 2014 for amending the Electricity and Natural Gas Law no. 123 / 2012 according which to during July and end-2018, gas producers are required to transparently sell minimum gas quantities on centralized markets in Romania, in line with norms issued by ANRE (the regulator).

June-July, 2014

The Ordinary Meetings of Shareholders, held in June and July respectively, appointed two board members (Dumitru Chisălită and Sergiu Manea) to replace vacant positions.

June 26, 2014

Govt issued Ordinance no. 511 / 2014 to set gas production price at RON 89.4/ MWh for industrial consumers except thermal plants for the gas used for heating households.

September 19, 2014

Govt amended the Fiscal Code Law by reducing the social insurance contribution owed by employers by 5% (from 20.8% to 15.8% for normal work, from 25.8% to 20.8% for special work and from 30.8% to 25.8% for heavy work).

September 30, 2014

Govt issued Law no 127 which amended the gas price deregulation calendar, postponing to July 1, 2021 the deadline for the price liberalisation of gas supplied to households.

October 22, 2014

ANRE issued Order no. 107 requiring gas suppliers to inform industrial consumers upon the end of the deregulation process on Dec 31, 2014, to submit a price offer to new eligible consumers and conclude negotiated contracts by June 30, 2015.

December 30, 2014

Govt published the 2015 State Budget Law that is based on unchanged royalties and windfall tax and on a special construction tax of 1.0% vs 1.5% before.

January 19 / February 4, 2015

Appointments of Sorana Baciu and Dragoş Dorcioman as interim board members become effective.

January 26, 2015

The EGM approved the procurement of legal consulting services for the litigation initiated against ANAF and Interagro, start of a development project for Iernut power plant and the setup of a UGS subsidiary.

March 18, 2015

The EGM approved the appointment of Sorana Baciu and Dragoş Dorcioman as board members and the incorporation documents for the UGS subsidiary.

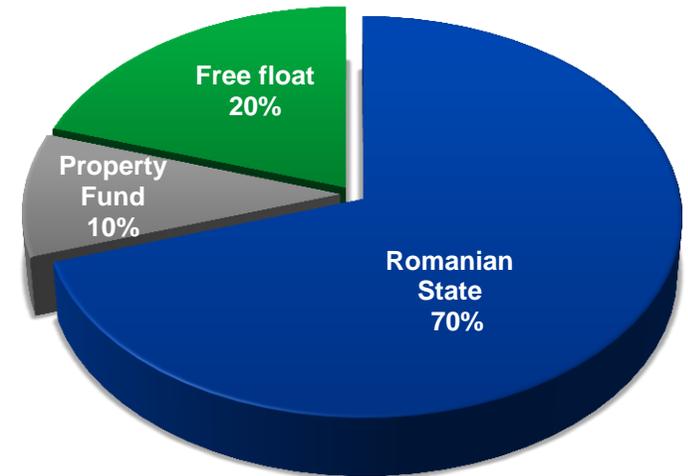
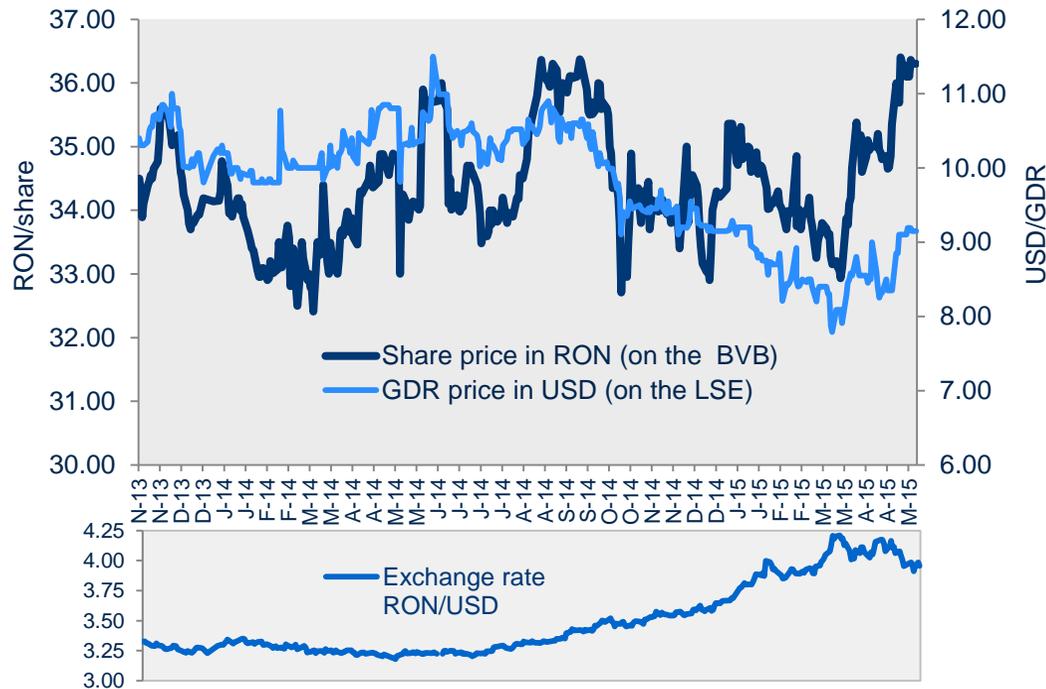
Appendix

Shareholder Structure and Stock Performance

- Current shareholding structure includes: the Romanian State (Ministry of Energy, SMEs and Business Environment) – majority shareholder with a **70% stake**; Property Fund (listed entity) - **10%**; free float (representing shares traded on the BVB and GDRs traded on the LSE): **20%**
- The stock has a market capitalisation of EUR 3.1bn* and ranges the **2nd largest** domestic stock traded on the BVB (after OMV Petrom)

Total no of shares: 385.42m

Romgaz (SNG, SNGR): Trading price chart



* Based on the trading price on May 11, 2015

The Board: Balanced Team of Privatisation Experts, Legal & Fiscal Advisors and Industry Specialists



Aurora Negrut – Chairperson
Non-executive Member

Experience:

- Ministry of Economy / Ministry of Energy, SMMs and Business Environment (since 2009)
- AVAS - Authority for State Assets Recovery (2007-2008)
- Ministry of Economy and Trade (2003-2007), Transport Ministry (2002-2003)
- APAPS - Authority for Privatisation and Administration of State's Contributions (1997-2002)

Dumitru Chisalita
Non-executive Member

Experience:

- SNGN Romgaz SA (various roles including Gas Trading Manager and Interim GM)
- SNTGN Transgaz SA (various roles)
- Lecturer at University of Construction Brasov (since 2008)

Ecaterina Popescu
Non-executive Member

Experience:

- SC CHIMFOREX SA, CEO (since 1998)
- Board member in several companies in the drilling / chemical / equipment sectors

Petrus Antonius Maria Jansen
Non-executive Member

Experience:

- Brainovate, Partner (since 2010)
- London School of Business and Finance, Lecturer (since 2012)
- Cohn & Jansen JWT, Partner (since 2002)
- Boston Consulting Group in Romania (2006-2008)
- MBA (NIMBAS) (1992-93)

Sorana Baciu
Non-executive Member

Experience:

- ACGENIO, Partner (since 2014)
- OMV Petrom, Strategy and IR Manager (2007-2014)
- Porsche Group, CFO (2007), Porsche Bank, VP / DGM (2004-2007)
- MA, McGill University

Dragoş Dorcioman
Non-executive Member

Experience:

- Ministry of Energy, SMMs and Business Environment, Advisor (since 2015)

Virgil Marius Metea
Executive Member

Experience:

- 28 years expertise in the gas industry, of which 22 years in top management roles in Romgaz, EON Moldova Distributie, EON Gaz Distributie, EON Gaz Romania, Distrigaz Nord
- MBA ASE, PhD

THANK YOU !



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- Manuela Ogrinja, CFA
- Adina Stefanescu
- Brandusa Serban

Homepage: www.romgaz.ro

Financial Calendar 2015

- May 14: Conference call with investors on the Q1/15 financial results
- August 14: Release of the H1/Q2 Financial Results
- November 13: Release of the 9mo/Q3 Financial Results
(confcall dates to be announced)