



# ROMGAZ – November 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 base<sup>1</sup>: 1P 62 bcm, 2P 75 bcm
- >140 commercial gas fields, Significant onshore and offshore exploration potential
- Production: 4.13 bcm in 9M/15, -2.2% y/y (stabilised at 5.66 bcm in 2014, +0.23% y/y)
- Largest gas producer: 49% market share in 7M/2015

### Gas Supply

- 46% market share in Romania

### Underground Storage

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

### Electricity Production

- 800 MW installed capacity – total delivery +75% y/y in Q3 (1,102 GWh in 9M/15)

### Key Financials (RON mln)

	2013	2014	Q3/14	Q2/15	Q3/15	9M/14	9M/15
Revenue	3,894	4,493	760	870	698	3,287	2,933
EBITDA	1,960	2,490	503	382	465	1,918	1,689
<b>EBITDA margin</b>	<b>50.3%</b>	<b>55.4%</b>	<b>66.2%</b>	<b>43.9%</b>	<b>66.7%</b>	<b>58.3%</b>	<b>57.6%</b>
Net profit	996	1,410	243	204	209	1,114	975
<b>Net margin</b>	<b>25.6%</b>	<b>31.4%</b>	<b>32.0%</b>	<b>23.4%</b>	<b>29.9%</b>	<b>33.9%</b>	<b>33.3%</b>
Dividends <sup>2</sup>	991	1,214	-	-	-	-	-
CAPEX	848	1,085	219	264	173	751	653

<sup>1</sup> Based on CPR prepared by DeGolyer&MacNaughton updated to June 30, 2013

<sup>2</sup> Distributed from the year's net profit

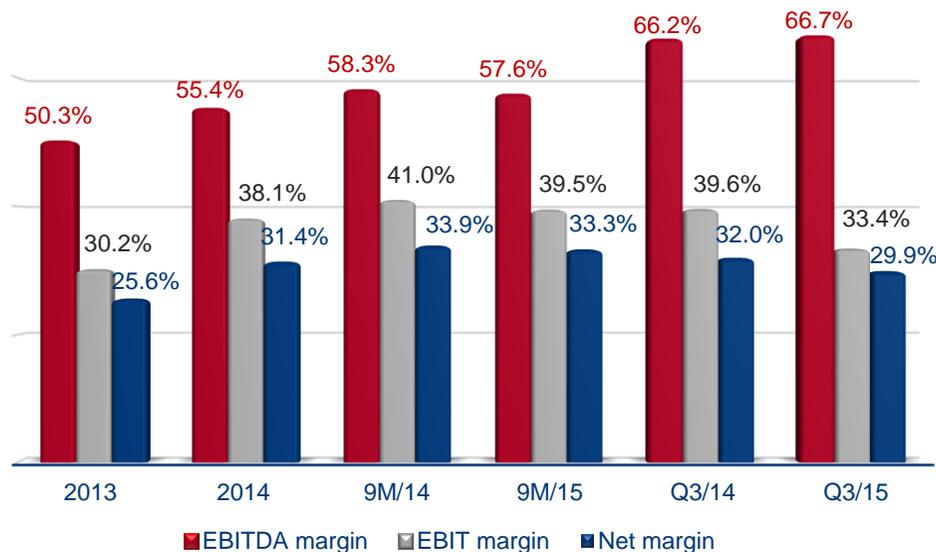
# Key Financials for 2013 – 9M/2015



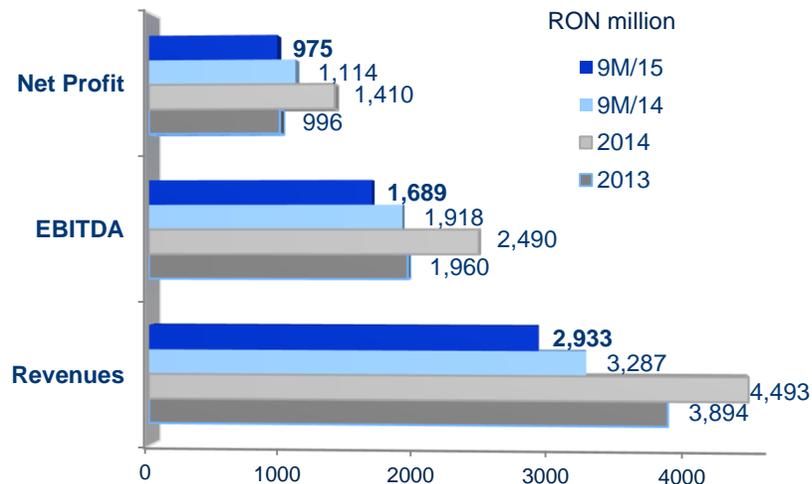
## Strong profitability in 9M, best EBITDA margin in Q3\*

- ✓ **Revenues:** -11% y/y in 9M on lower internal and imported gas sales and storage services – triggered by weak deliveries to heating plants and gas market demand (Q3: positively, **electricity revenues improved over 2.0x y/y**)
- ✓ **EBITDA:** -12% y/y to RON 1,689 mln in 9M; **EBIT:** -14% y/y in 9M (Q3 alone: Depreciation, Amortisation and Impairment expenses +15% y/y, positive Change of Inventory mostly from stored production 1.3x y/y)
- ✓ All in all, **Net Profit** reached RON 975 mln in 9M, -12% y/y (Q3: -14% y/y)
- ✓ **EBITDA margin** remained high at almost **58%** in 9M (Q3: **67%** best quarterly reported in past years)
- ✓ **Net margin** is robust at **33%** in 9M (Q3: 30%) showing elevated profitability

Romgaz: Profitability Rates

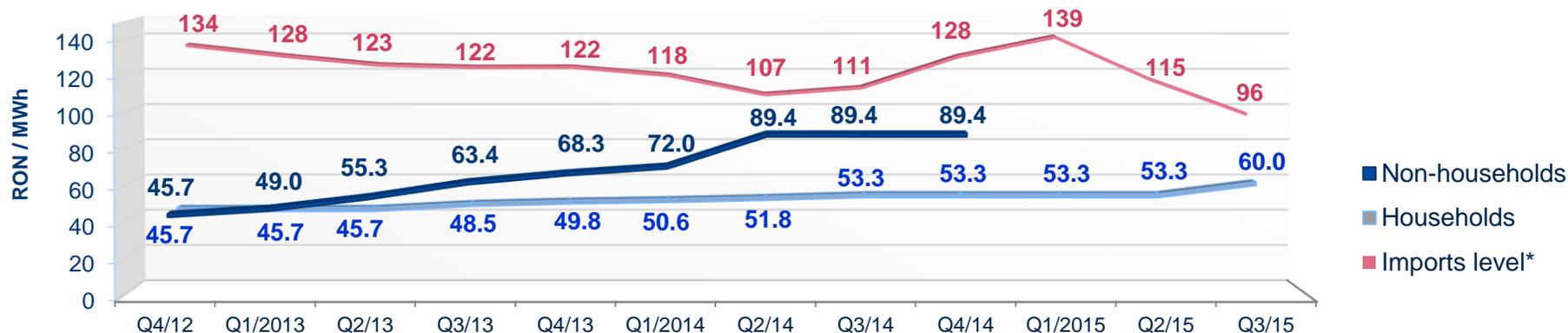


y/y means: 9M 2015 / 9M 2014 or Q3 2015 / Q3 2014



# Factors with impact on financial results

## Regulated domestic gas production prices in Romania vs imports level



## Regulated storage tariffs

Source: ANRE, Romgaz computation based on ANRE data; in Q3/15 - imports price was available for July only



# Financial Performance in 9M/15

## Profit and loss account



### Profitability remained elevated in 9M/15, margins are strong

#### Selected P&L items RON mln

RON mln	2012	2013	2014	9M/14	9M/15	Q3/14	Q3/15
<b>Revenues - of which</b>	<b>3,838</b>	<b>3,894</b>	<b>4,493</b>	<b>3,287</b>	<b>2,933</b>	<b>760</b>	<b>698</b>
1. Gas Production	2,508	2,808	3,553	2,584	2,389	569	460
2. Gas Resales	1,053	461	131	115	14	8	4
3. Services	270	394	455	330	276	100	68
4. Energy		207	336	243	238	79	161
<b>Other income</b>	<b>134</b>	<b>54</b>	<b>108</b>	<b>97</b>	<b>44</b>	<b>7</b>	<b>23</b>
Cost of commodities sold	(905)	(439)	(176)	(155)	(33)	(22)	(5)
Changes in inventory	111	56	28	30	130	129	171
Raw materials	(118)	(79)	(66)	(38)	(59)	(8)	(18)
Exploration expense	(193)	(59)	(43)	(21)	0	0	0
Headcount expense	(503)	(504)	(523)	(324)	(359)	(111)	(131)
Other gains and losses	(50)	(204)	(275)	(196)	(214)	(12)	(25)
Other expenses	(436)	(745)	(1,035)	(751)	(740)	(235)	(243)
<b>EBITDA</b>	<b>1,854</b>	<b>1,960</b>	<b>2,490</b>	<b>1,918</b>	<b>1,689</b>	<b>503</b>	<b>465</b>
<b>EBITDA margin</b>	<b>48.3%</b>	<b>50.3%</b>	<b>55.4%</b>	<b>58.3%</b>	<b>57.6%</b>	<b>66.2%</b>	<b>66.7%</b>
<b>D&amp;A</b>	<b>(606)</b>	<b>(782)</b>	<b>(777)</b>	<b>(569)</b>	<b>(529)</b>	<b>(202)</b>	<b>(232)</b>
<b>EBIT</b>	<b>1,248</b>	<b>1,177</b>	<b>1,713</b>	<b>1,349</b>	<b>1,160</b>	<b>301</b>	<b>233</b>
<b>EBIT margin</b>	<b>32.5%</b>	<b>30.2%</b>	<b>38.1%</b>	<b>41.1%</b>	<b>39.5%</b>	<b>39.6%</b>	<b>33.4%</b>
Net interest income	148	123	75	58	35	17	9
<b>Profit before tax</b>	<b>1,396</b>	<b>1,301</b>	<b>1,788</b>	<b>1,407</b>	<b>1,195</b>	<b>318</b>	<b>243</b>
Income tax	(276)	(305)	(378)	(293)	(219)	(75)	(34)
<b>Net Profit</b>	<b>1,119</b>	<b>996</b>	<b>1,410</b>	<b>1,114</b>	<b>975</b>	<b>243</b>	<b>209</b>
<b>Net margin</b>	<b>29.2%</b>	<b>25.6%</b>	<b>31.4%</b>	<b>33.9%</b>	<b>33.3%</b>	<b>32.0%</b>	<b>29.9%</b>

#### Breakdown of Revenues

- 1 Main source of revenue is the sale of gas production which abated by 7.6% y/y in 9M/15 as higher gas prices did not compensate for the 12.7% y/y decrease in quantities sold (including partnerships); in Q3 alone: sales -19.1% y/y on lower deliveries to HHs and heating plants, while we succeeded to increase volumes to industrial consumers
  - 2 Revenue from imported gas resale expectedly declined
  - 3 Revenue from gas storage came in -19.4% y/y in 9M on lower gas consumption and delayed regulation for the 2015-2016 winter minimum gas stock
  - 4 Electric power sales significantly recovered in Q3, higher by over 103% y/y in value, due to lower hydro potential and favourable prices in the market (output sold +22% y/y in 9M of which 42% on the balancing market)
- Gas sales were impacted by the weak gas consumption (Romania: -3% y/y in 9M, with low demand in H1 possibly from the chemical sector, while in Q3 gas consumption likely improved on weak hydro-energy potential and hot summer); in Q3 - we recorded lower gas sales to HHs and heating plants, but succeeded to increase gas deliveries to industrial consumers, and also to significantly improve our energy revenues
  - "Other expenses" include main taxes paid by the company: (a) Gas and storage royalties (9M/15: RON 224 mln); (b) Windfall profit tax on the additional revenues as a result of the gas price deregulation process (9M/15: RON 263 mln); (c) Tax on special constructions due starting Feb 1, 2014 (9M/15: RON 49 mln)
  - We recorded an impairment for exploration activity in the Black Sea of RON 133 mln in Q3; "Other gains and losses" include receivable allowances for Elcen Bucuresti (RON 136 mln) and Elcen Galati (RON 49 mln) in H1
  - EBITDA margin of 66.7% in Q3 was the best quarterly recorded in the past years (9M: 57.6%)
  - EBIT margin was strong as well at 39.5% in 9M
  - Net margin remained robust at 33.3% in the first 9M of 2015.

# Financial Performance

## Balance Sheet Summary



### Robust Balance Sheet Structure, Debt-free in 9M/15 as well

#### Selected Balance Sheet Items

RON mln	2012	2013	2014	End-9M/15
<b>Total non-current assets, thereof</b>	<b>6,190</b>	<b>6,246</b>	<b>6,448</b>	<b>6,590</b>
Property plant and equipment	5,881	5,767	5,963	6,031
Other intangible assets	231	384	407	488
Trade and other receivables	53	-	-	-
<b>Total current assets, thereof</b>	<b>4,215</b>	<b>4,231</b>	<b>4,364</b>	<b>3,799</b>
Inventories	508	464	392	559
Trade and other receivables	907	1,087	1,000	621
<b>Govt securities and bank depos (+3mo maturity)</b>	<b>928</b>	<b>971</b>	<b>916</b>	<b>854</b>
<b>Cash and equivalents</b>	<b>1,739</b>	<b>1,564</b>	<b>1,954</b>	<b>1,614</b>
Other assets	132	146	102	151
<b>Total assets</b>	<b>10,405</b>	<b>10,477</b>	<b>10,812</b>	<b>10,389</b>
<b>Shareholders' Equity</b>				
Share capital	1,890	1,893	385	385
Reserves	1,774	1,950	2,142	2,571
Retained earnings	5,681	5,450	7,184	6,517
<b>Total Shareholders' Equity</b>	<b>9,345</b>	<b>9,293</b>	<b>9,712</b>	<b>9,473</b>
<b>Non-current liabilities, thereof</b>	<b>486</b>	<b>423</b>	<b>431</b>	<b>393</b>
Provisions	165	197	202	199
<b>Current liabilities, thereof *</b>	<b>574</b>	<b>762</b>	<b>669</b>	<b>523</b>
Trade and other payables	293	203	217	189
<b>Total liabilities</b>	<b>1,060</b>	<b>1,184</b>	<b>1,100</b>	<b>916</b>
<b>Total equity and liabilities</b>	<b>10,405</b>	<b>10,477</b>	<b>10,812</b>	<b>10,389</b>

#### Selected Cash Flow Items

RON mln	2012	2013	2014	9M/15
Net profit for the period	1,119	996	1,410	975
Operating Cash Flow before Δ WC and Income tax	2,099	2,249	2,824	1,910
Movements in working capital	(350)	(278)	(10)	(150)
Net Cash flows from operating activities	1,452	1,687	2,313	1,474
Net Cash flows from investing activities	(196)	(802)	(934)	(599)
Net Cash flows from financing activities	(945)	(1,060)	(988)	(1,215)
Net increase/(decrease) in cash and cash equivalents	311	(176)	390	(340)

#### Working Capital

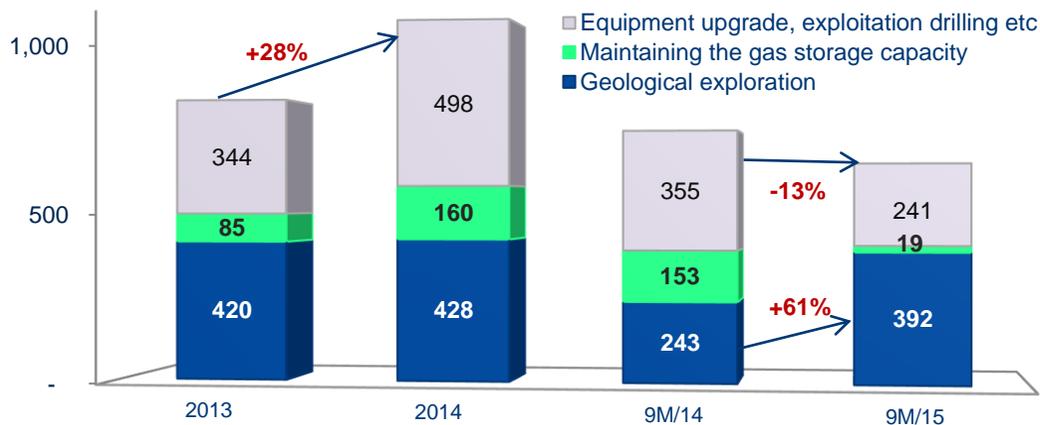
RON mln	2012	2013	2014	9M/15
Inventories	508	464	392	559
Trade and other receivables	907	1,087	1,000	621
Trade and other payables	293	203	217	189
Borrowings	0	0	0	0
Current tax liabilities	68	201	94	60
Other liabilities	185	311	323	229
<b>Trade working capital</b>	<b>869</b>	<b>836</b>	<b>759</b>	<b>703</b>
Cash and cash equivalents (govt securities / bank depos not incl)	1,739	1,564	1,954	1,614
<b>WC</b>	<b>2,609</b>	<b>2,400</b>	<b>2,713</b>	<b>2,316</b>
<b>Trade WC ratio (Trade WC/Revenues)</b>	<b>22.7%</b>	<b>21.5%</b>	<b>16.9%</b>	<b>24%</b>
<b>WC ratio (WC/Revenues)</b>	<b>68.0%</b>	<b>61.6%</b>	<b>60.4%</b>	<b>79%</b>

# Key Financial Data

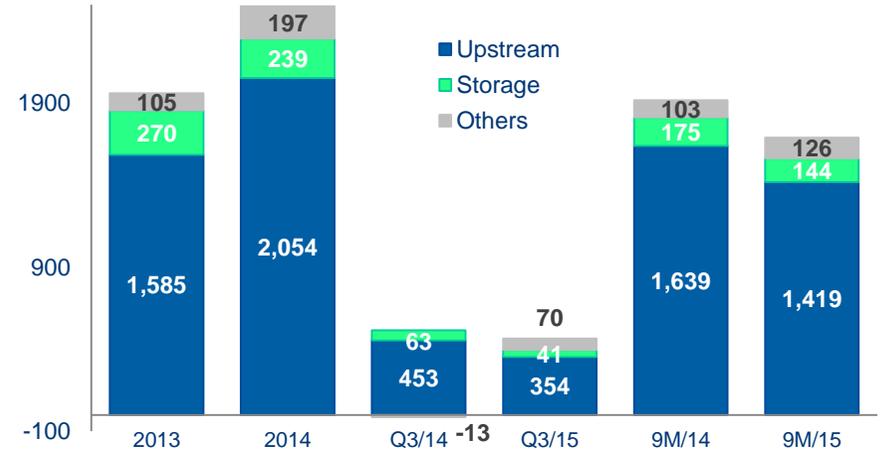


Significant investments, Healthy FCF combined with a +50% Dividend Payout Ratio

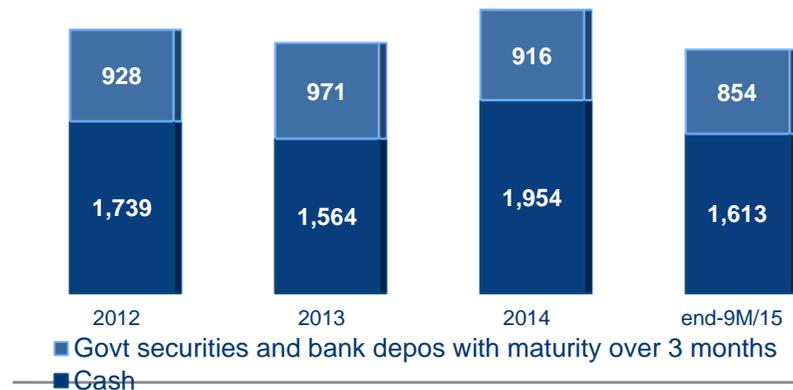
### Capital Expenditures (RON mln)



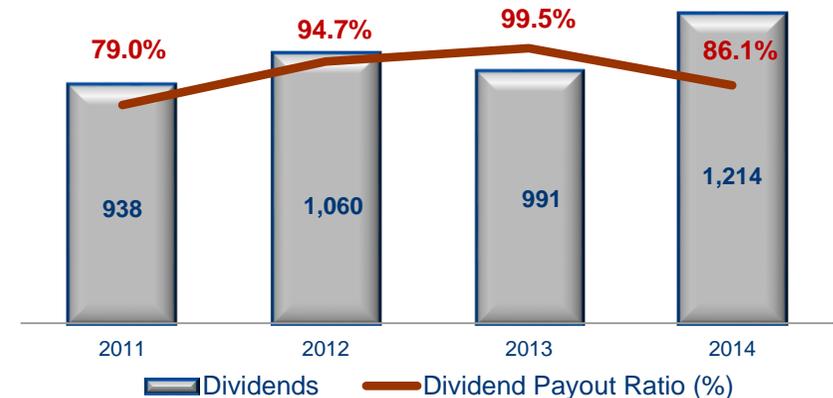
### EBITDA Breakdown (RON mln)



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

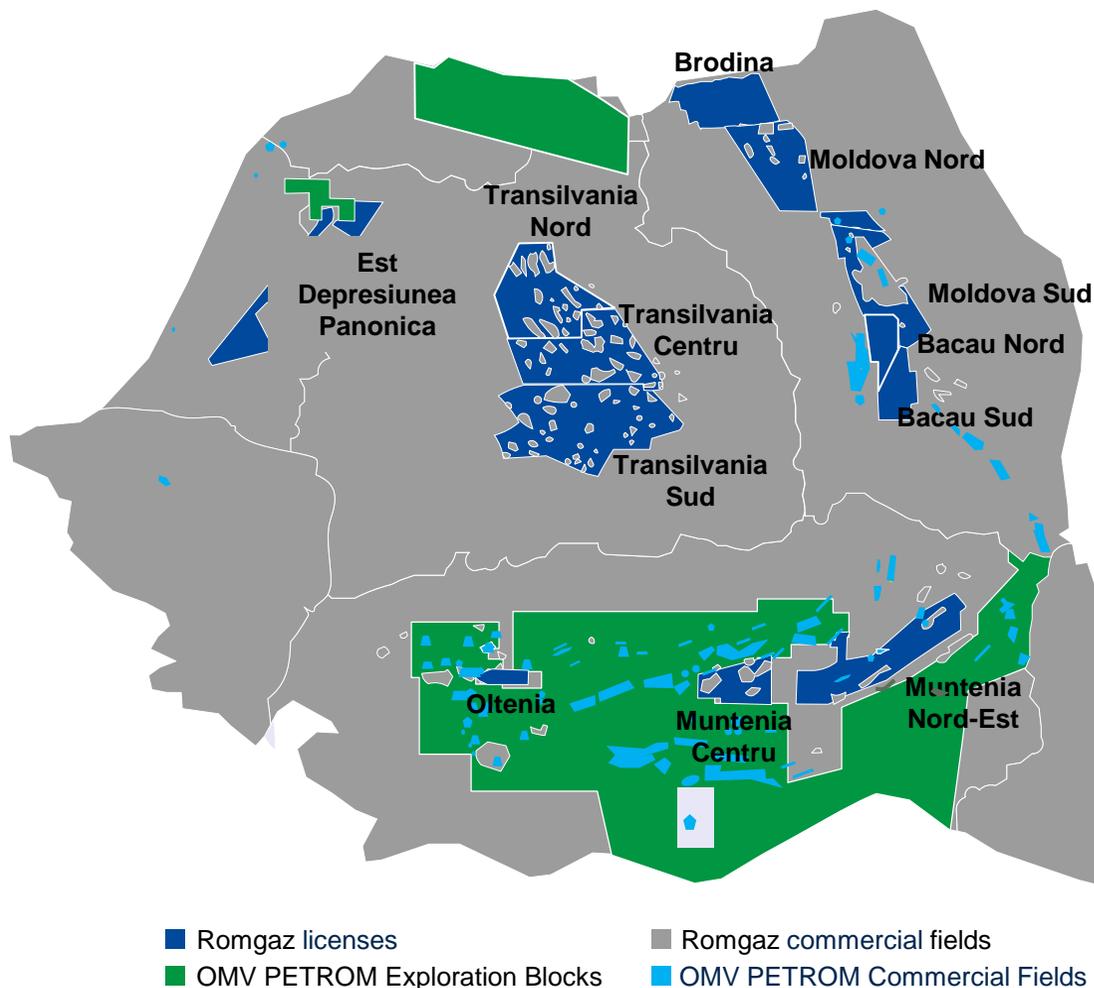


### Gross Dividends (RON mln) and Payout Ratios

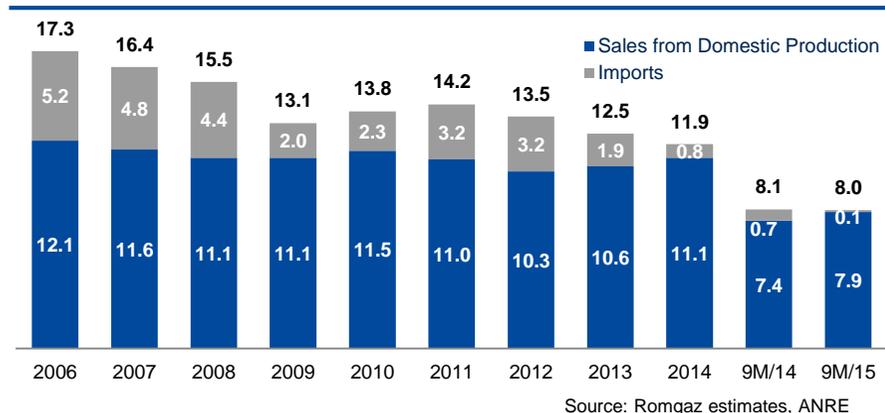


# Gas Resource Overview in the Country

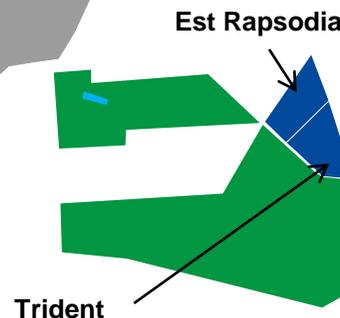
**Mature Market With Long History of Production and Significant Upside Opportunities**



**Total Gas Consumption in Romania 2006 – 9M/15 (bcm)**



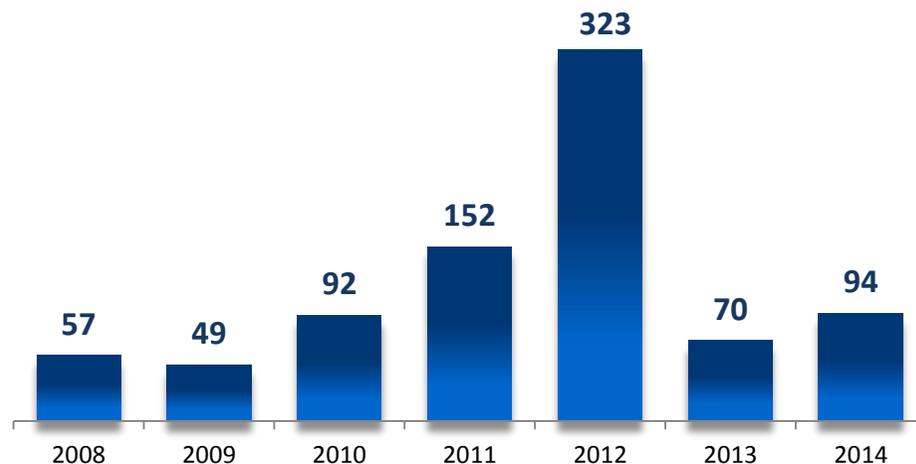
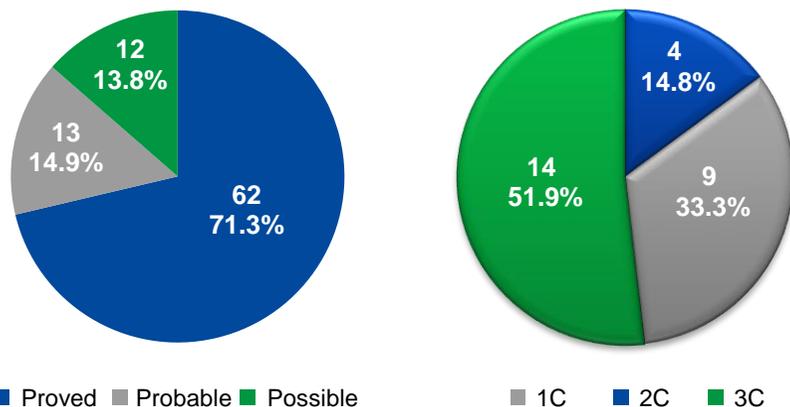
- Mature province with more than 100 years of production history from conventional reservoirs
- Recent use of new technologies to mitigate production decline
- Large discovered resources to be brought on stream
- Significant exploration potential from conventional and unconventional reservoirs
- Recent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



## Sizeable reserve base with a significant portion proven developed

**Audited Reserves<sup>1</sup> and Contingent Resources<sup>2</sup> June 2013 (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 m<sup>3</sup>, 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.

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

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

## Efforts undertaken to unlock significant resource potential

- ✓ Petroleum agreements for 9 onshore exploration blocks (about 17,650 km<sup>2</sup> across the Transylvania, Moldova, Oltenia and Muntenia basins) with 100% working interests
- ✓ Major projects in Transilvania (Cris, Laslau Mare, Chendu), Moldova (Frasin\_Gura Humorului), Muntenia (Caragele) in presalt area and In deep reservoirs.
- ✓ Finalised 3D seismic acquisition for period 2011-2016
- ✓ Development programme in progress for 61 new wells tested (38 were successful, 23 were dryhole) in the first 9M 2015
- ✓ 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 km<sup>2</sup>

### Exploration Works 2012-2014 of the Key Nine Blocks

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

#### Overall in 2014:

- ✓ 3D seismic services acquired on a surface of 1200 km<sup>2</sup>
- ✓ 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

### Exploration Drilling Program 2015

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

#### Latest developments:

- ✓ Completed drilling of the 2nd exploration well in Trident block in the Black Sea in October, large discovery revealed - reserves might exceed 30 bcm
- ✓ Completed production tests for 2 new discoveries (Cibu and Tapu)

#### Performance in H1 2015:

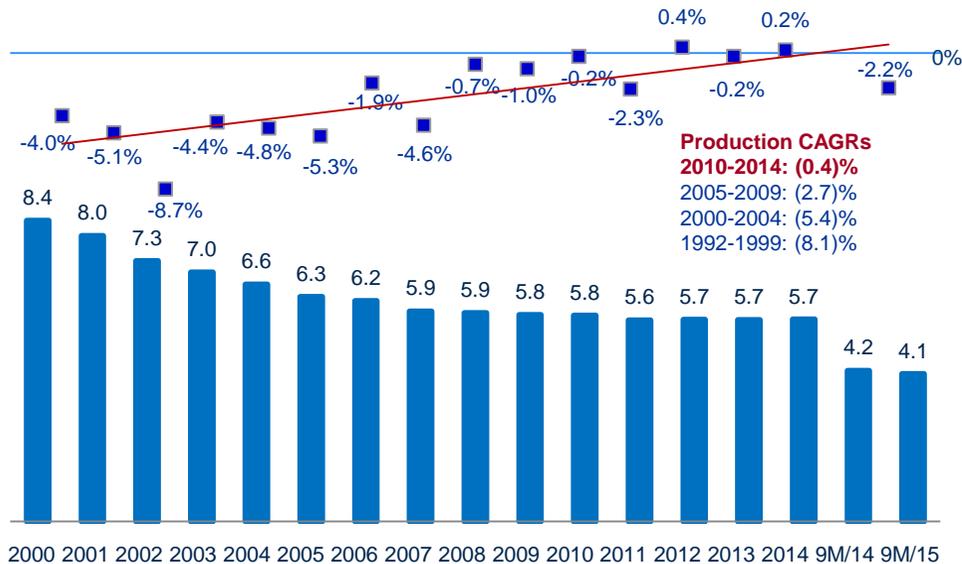
- ✓ 3D seismic services acquired on a surface of 913 km<sup>2</sup>
- ✓ Finalised drilling of 2 wells – 1 well in each of Rapsodia & Trident blocks in the Black Sea
- ✓ Drilling of total 16 new exploration wells

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

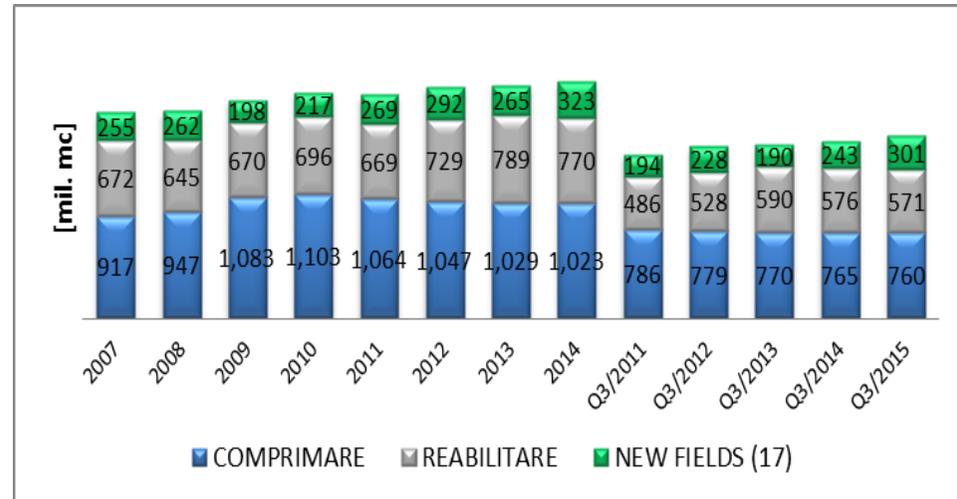
<sup>2</sup> Based on Romgaz own assessment.

## Arresting Production Decline via Application of New Technologies

Romgaz Annual Production Levels – bcm (2000-9M/2015)



Arresting Production Decline – Enhanced Production from Selected Fields<sup>2)</sup>



✓ **Production decline rate stabilized at 0% during 2010-2014 due to:**

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

✓ **Overall in 9M 2015:**

- 2 new discoveries accounting jointly for 3% of Romgaz' daily production
- Compressor station commissioned - access to additional 0.50 bcm

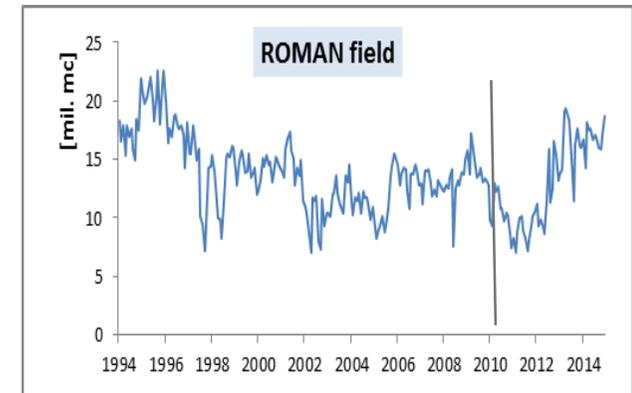
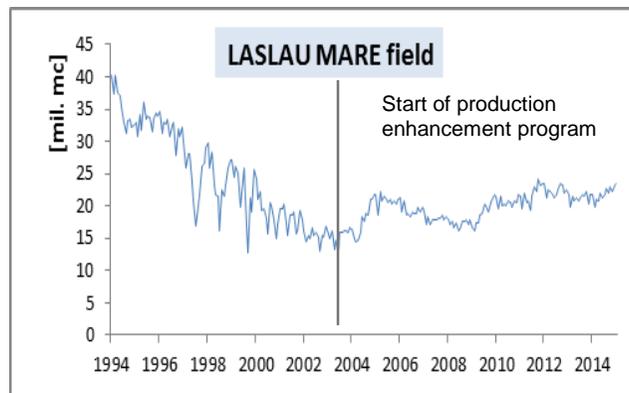
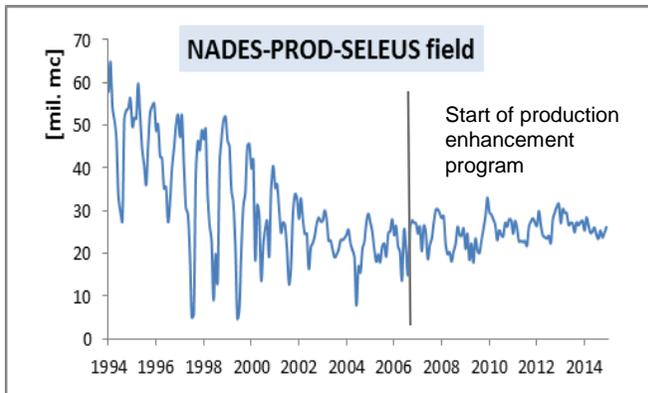
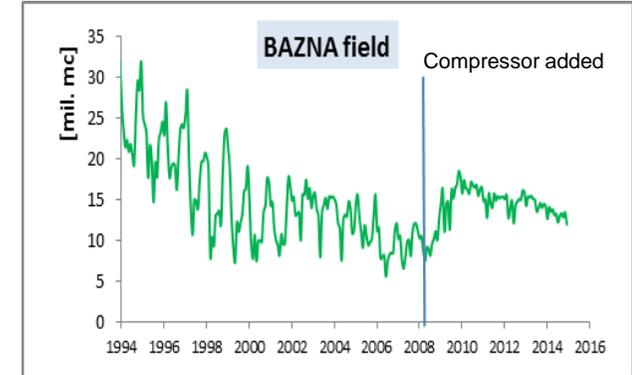
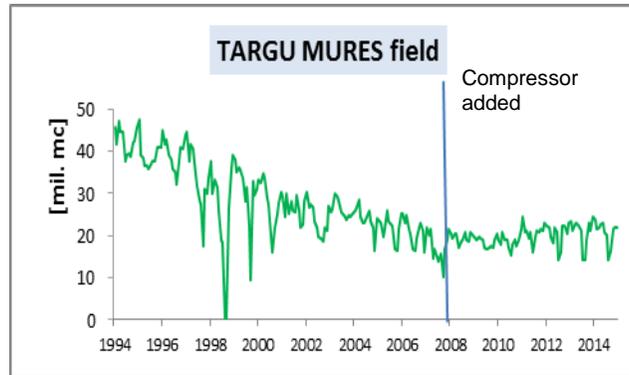
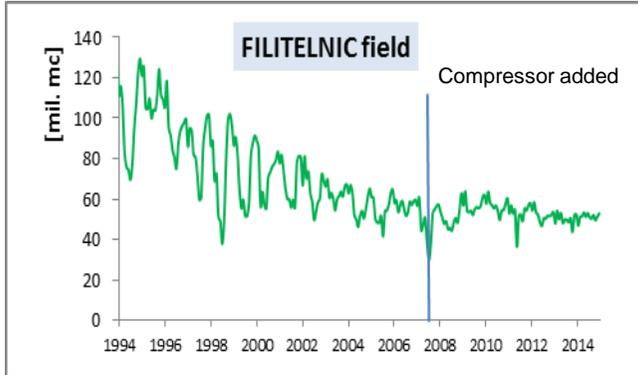
✓ **In 2014:**

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

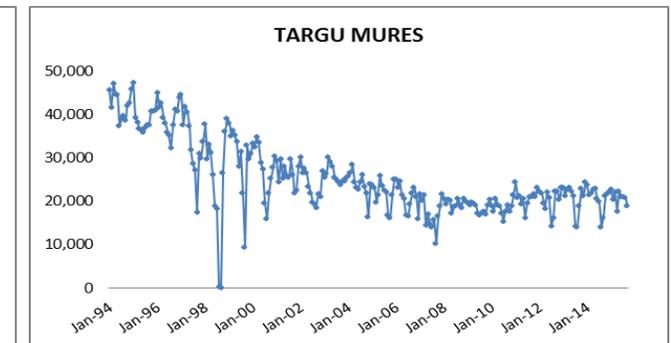
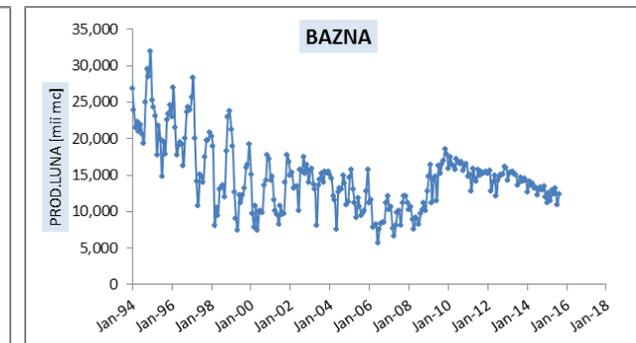
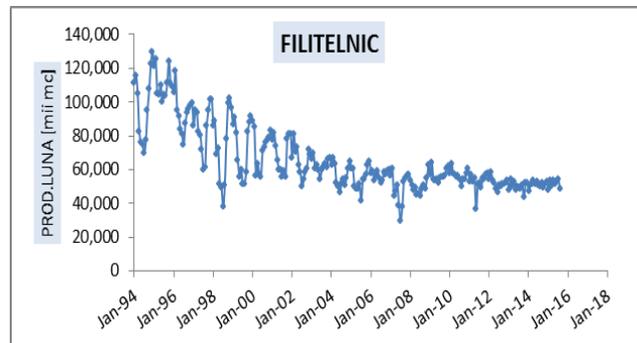
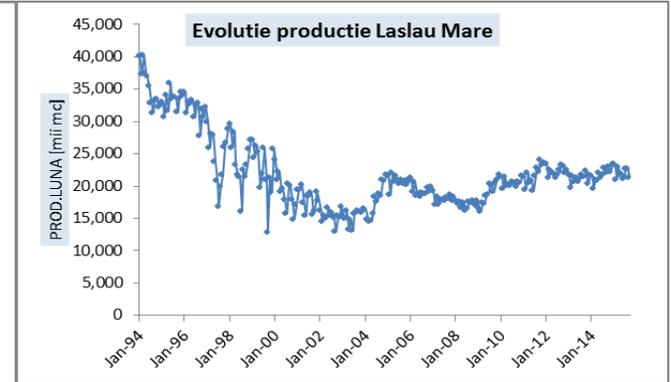
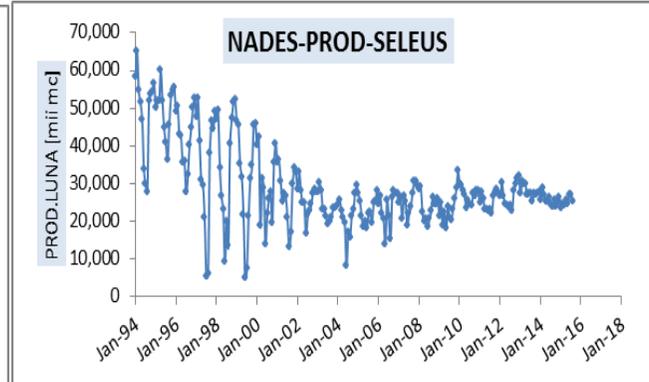
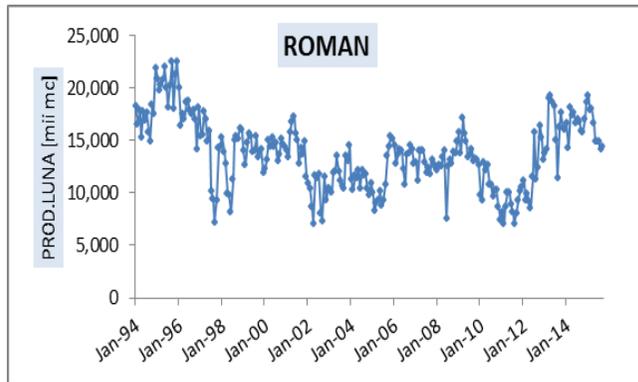
- Gas compression added to a number of fields
  - Including Filitelnic, the largest field in Romgaz's portfolio
- Production rehabilitation measures
  - Romgaz driven for some fields
  - Partnership with Schlumberger and Amromco for other fields

<sup>(2)</sup> 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



### Successful production enhancement in some key fields



# Commercialising the Gas

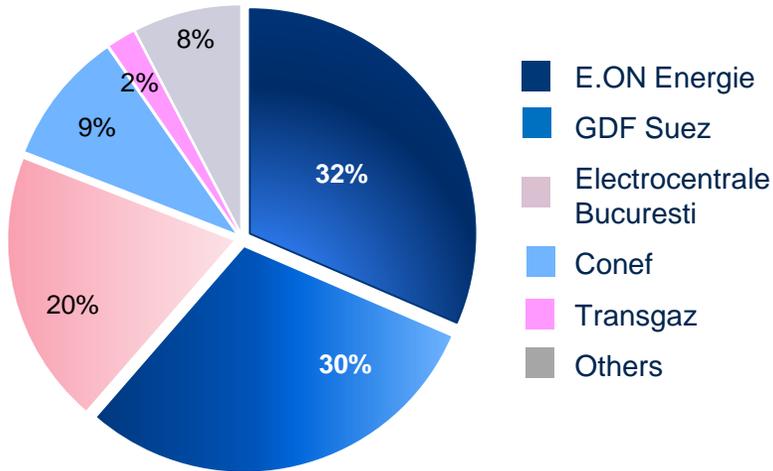
## Total Gas Supply and main Customers



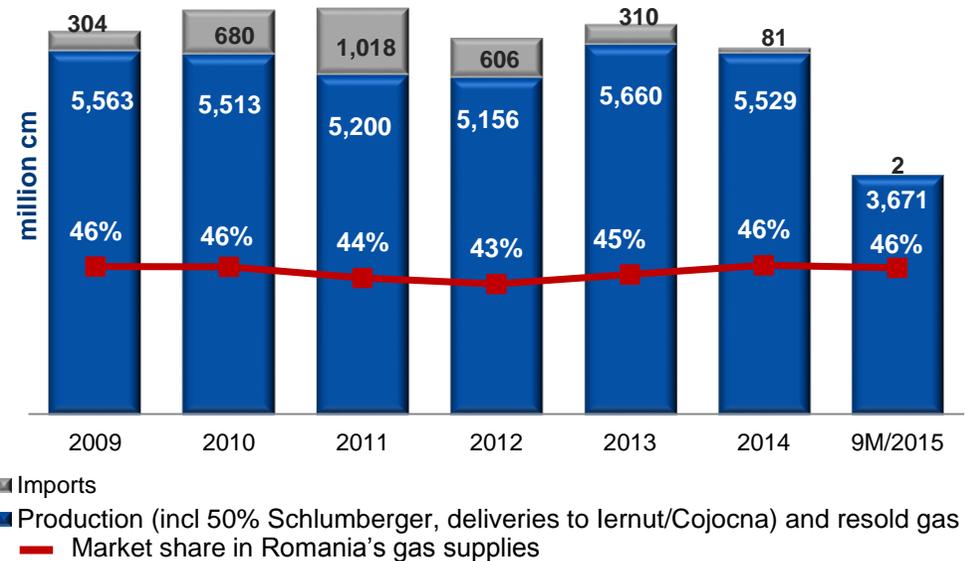
### Largest Supplier of Gas in Romania (Domestic Production + Imports)

- Breakdown of volume gas sales: 37.6% to Households (HHs) and thermal plants for the gas used for HHs heating + 62.4% to industry (including from UGS) in the 3<sup>rd</sup> Quarter of 2015 (from 60.0% / 40.0% respectively in H1/2015)
- Around 62% of Romgaz' gas sales are to GDF Suez and E.ON Energie in terms of volume (9M/2015)
- Significant market share in Romania's gas supply

#### Romgaz - Key Clients in 9M/2015 (volume terms)



#### Romgaz Gas Deliveries in Romania's Total Supply



Sources: Romgaz, ANRE

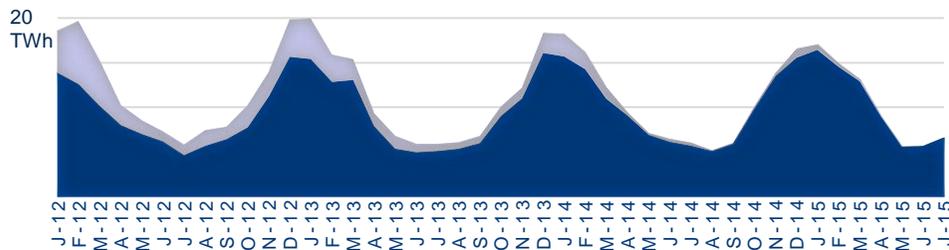
## Romgaz is the Largest Owner and Operator of Gas Underground Storage Facilities in Romania Romgaz Entered the Power Segment with the Acquisition of Iernut Power Plant (CTE Iernut)

### 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



Source: ANRE

### Electricity Production

- CTE Iernut power plant enjoys a good strategic positioning in the middle of the Romanian electricity system
- Role: to cover national power consumption by acting in the electricity wholesale and balancing markets, ensure ancillary services to the national system, eliminate possible network constraints in NW Romania
- Installed capacity of 800 MW built in '60s, with a flexible operational structure (4x100 MW, 2x200 MW)
  - Units 1 & 4 (2x100 MW) being modernized (to reduce NO<sub>x</sub> emissions)
  - Units 5 & 6 (2x200 MW) can operate until 2020
  - 2x100 MW to be out of service in January 2016 (environmental issues)
- Market share of 2.4% in terms of electricity production achieved in 2014 (output level of c. 1,435 GWh)
- Total delivery of 1,102 GWh in 9M/15 / 692 GWh in Q3 alone (1,710 GWh in 2014)
- Optimising gas production - electricity production - storage injection
- We intend to complete soon the selection of the consultant to help us assess the procedures and criteria for finding a partner for refurbishment of Iernut plant; plans are for a new power plant based on a Gas Turbine Combined Cycle system, of max. 400 MW capacity 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**

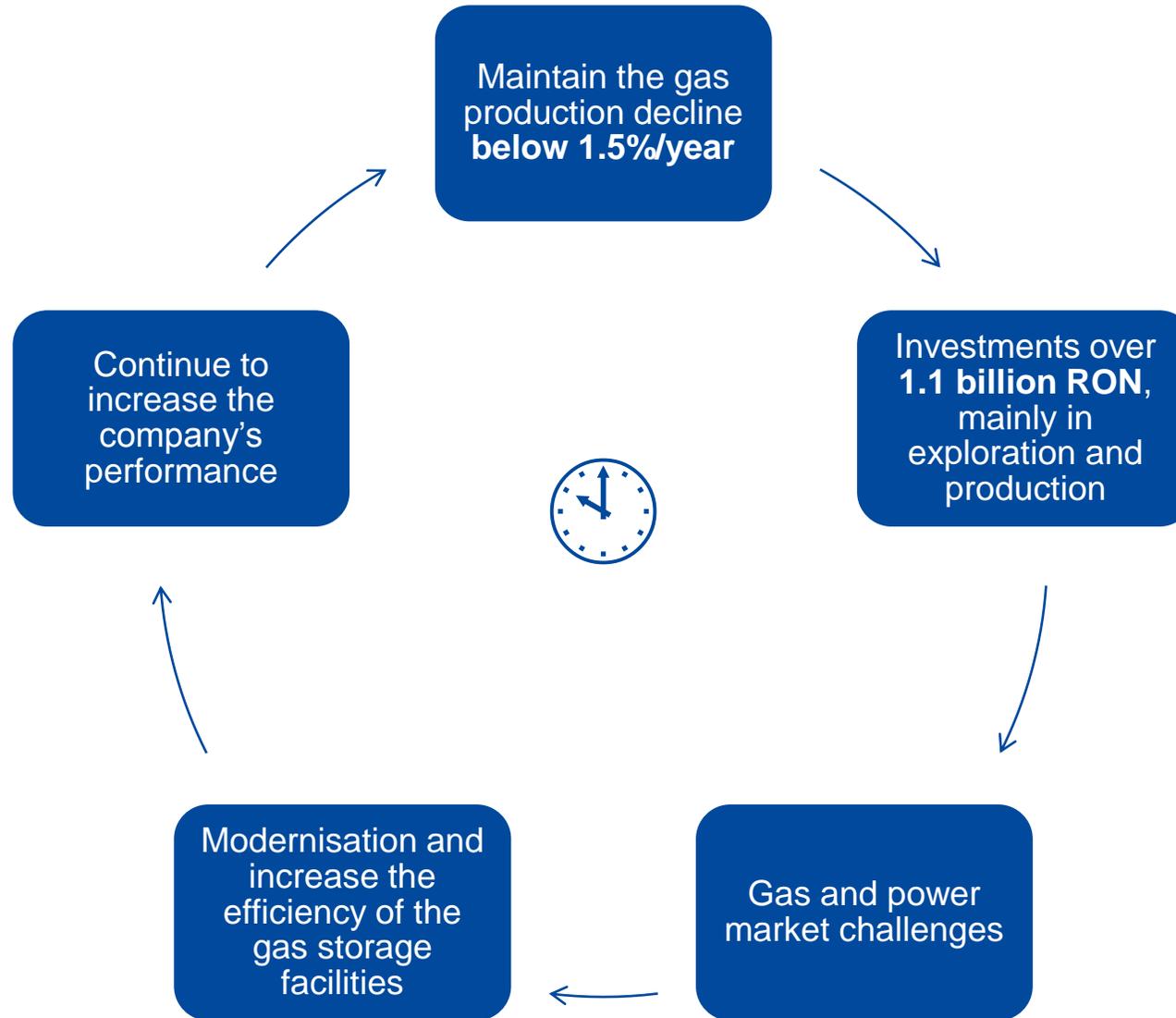
- **Frontier Reservoirs**
  - Further development of on-shore sub-salt reservoirs
  - Exploration of unconventional potential in Romania
  - Increasing focus on deep water reservoirs (Black Sea)
- **Potential international opportunities**

**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 Chisăliță 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 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 Baci and Dragoș Dorcioman as board members and the incorporation documents for the UGS subsidiary.

### July 1, 2015

Gov't published the new calendar for the gas production price deregulation process for households and thermal plants for the gas used to heat households.

## Why to invest in Romgaz shares

➤ Solid and sound profitability margins – we are among the most profitable issuer traded on the BVB	EBITDA margin of 58% in 9M/2015 (going to 66.7% in Q3) EBIT margin at 40% in 9M Net margin of 33% in the mentioned period
➤ High dividend payout ratios to please investors	86% in 2014, over 99% in 2013 For 2015, the 75% indication of the board remains in place; also - equity reserves will compensate for the NP decrease from the booked exploration provision
➤ Strong cash reserves and debt free B&S	We are able to finance by ourselves the investment programme; in the case of successful exploration projects, we will be able to combine the cash position with debt to build a favourable capital structure Cash / Mktcap = 22% at Nov 13, 2015
➤ We are positioned as a leading gas producer in Romania and in the region as well	49% market share in terms of gas production in Romania Main operator of the Underground Gas Storages also Holder of large gas reserves among European countries
➤ We are maintaining a strong base of gas reserves in Romania, largely including a proven portion developed	By significant investments, we intend to maintain the reserves level and the high RRR (through enhanced recovery in fields already in operation and new resources as well)
➤ Expected opening of the export gas markets (possibly in 2019) will definitely improve our sales	Export markets will enlarge our client portfolio and expand revenues
➤ Our policy is to carefully invest in development projects abroad	We have minority participations in order to minimize the operational risk and to avoid the waste of our cash reserves
➤ Skilled and dedicated workforce	Our employees have significant expertise and are strongly committed

# Appendix

# Shareholder Structure and Stock Performance

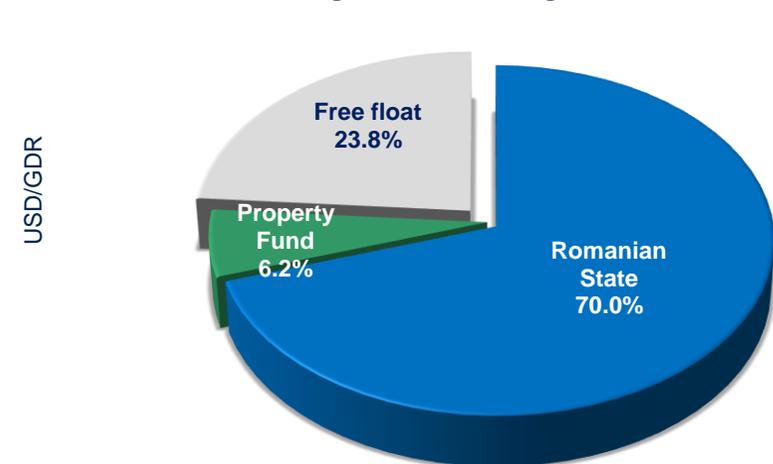
- Current shareholding structure: the Romanian State (Ministry of Energy, SMEs and Business Environment) – majority shareholder with a **70% stake**; Property Fund (listed entity) – **6%**; Free Float - improved to **24%** after FP recently sold a 4% stake (free float includes shares traded on the BVB and GDRs traded on the LSE)
- The stock ranks the **2<sup>nd</sup> largest** domestic stock traded on the BVB – with a mktcap of EUR 2.5bn (after OMV Petrom); Romgaz also is the **3<sup>rd</sup> most traded** stock on the BVB (after Fondul Proprietatea and Banca Transilvania) \*)
- Included in BVB's main indices (weighing 27% in energy and utilities BET-NG index, and 9-12% in BET, BET-XT, BET-TR and ROTX)
- Included in main global indices with allocation on Romania (such as FTSE, MSCI, S&P, STOXX, Russell Frontier).

Total no of shares: 385.42m

Romgaz (SNG, SNGR): Trading price chart



Romgaz: Shareholding Structure



\*) Based on the trading price on Nov 13, 2015, and on BVB's past 12m trading statistics

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



**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 (1998-2015)
  - Presently Director at - Bega Minerale Industriale
  - 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 !



**Romgaz IR:** [investor.relations@romgaz.ro](mailto:investor.relations@romgaz.ro)

- Manuela Ogrinja, CFA
- Adina Stefanescu
- Brandusa Serban

**Homepage:** [www.romgaz.ro](http://www.romgaz.ro)

## **Financial Calendar 2015**

- November 13: Release of the 9mo/Q3 Financial Results
- November 16, 13:30 local time: Confcall with investors/analysts