

PRESS RELEASE

Financial results - 9 months 2017

- **Electrica's results recorded a significant improvement in the third quarter of 2017**
- **Electrica Group recorded a net profit of RON 95 million in the first nine months of 2017**

ELECTRICA Group, leader in the Romanian electricity distribution and supply sectors, recorded, in the first nine months of the financial year 2017, a net profit of RON 95 million, of which a significant part, amounting to RON 87 million, was realized in Q3 (July - September).

The operating profit realized at the end of the third quarter amounts RON 115.6 million, with RON 97.8 million being registered between July and September (Q3).

2017 year was marked by significant adverse conditions in the first quarter and a very slow improvement over the subsequent quarter. After mid-year, the electricity distribution sector has come closer to normal profitability levels, while the supply market has remained difficult until September, especially in the regulated market area with non-eligible customers.

During the period of January - March 2017, there has been a substantial increase in the purchase price of electricity, respectively by 78% on the Day Ahead Market and by 38% on the Balancing Market, compared to the same period of the previous year. Between April - June 2017, the average purchase price remained at a level of approximately 30% higher than in the same period of the previous year.

In the third quarter, the average electricity purchase price on the Day Ahead Market was about 67% higher than in Q3 2016.

REVENUES

The total operating revenues of the Electrica Group in the first nine months of the financial year 2017, amounting RON 4,170 million, increased by RON 1,404 million, compared to the first semester of 2017.

COSTS

The purchase cost of energy reached the level of RON 2,202 million in the first 9 months of 2017, compared to the amount of RON 1,531 million, reported in the first six months of 2017.

Financial Results	9M 2017 (RON million)	6M 2017 (RON million)	Δ %
Operating revenues	4,170	2,766	+50.8%
Operating expenses	4,054	2,748	+47.5%
Operating profit	116	18	+544%
Net profit	95	8	+1,088%

STATEMENT

Catalin Stancu, General Manager Electrica S.A.: “I would like to note the significant improvement in the financial results of Electrica Group in the course of the first nine months of this year. Of course, the Q1-Q3 cumulative results are still highly affected by the effects of major imbalances in the energy market, particularly from the first quarter and partly from the second quarter.

As a consequence, the third quarter in isolation has produced practically the total net and operational profit obtained during the first three quarters. During this third quarter, although supply problems continued, the distribution sector has reached reasonable profitability levels. Additionally, the mitigation measures adopted by the management have been effective. The limit situations from the first part of the year have prompted us to adopt a strategy in line with the new market conditions and to quickly start implementing programs for cost-cutting, optimization of processes and of administrative structures.

We assure all stakeholders that we have taken all necessary steps to improve performance by the end of the year and, at the same time, we repeat our appeal to the authorities regarding the need for measures related to the functioning of the existing energy market framework”.

OTHER IMPORTANT HIGHLIGHTS

- In the first 9 months of 2017, Electrica Group distributed approximately 13 TWh (up 2.8% over the first 9 months of 2016) to about 3.69 million users and provided a quantity of 7.4 TWh (down 8.7% from the same period of 2016) to a total of 3.58 million clients.

- Electrica Furnizare is national market leader on the regulated market, with a market share of 40.02%, while on the competitive market has a share of 12.03% in 2017, according to the ANRE report for July 2017.

Electrica Group is a market leader in electric power distribution and supply of Romania, as well as one of the most important player in energy services branch. Its top position is sustained both by its economic results, and by an experience in the field of almost 120 years.

With approximately 10.000 of employees, Electrica Group is providing services to over 1.6 million customers and is operating at national level – organized in three zones for electric power distribution: Transilvania Nord, Transilvania Sud, Muntenia Nord and all over the country for the electric power supply and for maintenance and energy services.

Since July 2014, Electrica is a company with majority private capital, listed on Bucharest and London Stock Exchanges. Electrica is the only Romanian company in electric power distribution and supply of Romania.

For more information about Electrica Group, see the company's website www.electrica.ro.