

PRESS RELEASE

- **Electrica, record investments of RON 727 million, in 2017, in the distribution networks**

BUCHAREST, January 29 - ELECTRICA Group, leader in electricity distribution and supply in Romania, made in 2017 investments in the distribution infrastructure in the total amount of RON 727 mln. At the same time, the Distribution Operators within the Electrica Group have assumed for 2018 a record investment plan in the distribution infrastructure, worth RON 900 mln. Compared to 2014, the year of Electrica's listing on Bucharest and London stock exchanges, the investment program of distribution operators within the Group (SDEE Muntenia Nord, SDEE Transilvania Nord and SDEE Transilvania Sud) is 2.5 times higher in 2017. In the four years since the IPO, Electrica Group has invested RON 2.1 bn in the distribution infrastructure, investments aimed at the significant improvement of service quality at the level of the entire beneficiary community.

"The upgrade of distribution networks continues to be Electrica Group's priority, so, for this year, we have planned record investments, worth RON 900 mln, probably the most ambitious program in the energy sector. Our target is to increase the operational efficiency and the quality of services provided, so that the average unplanned interruption time per user - SAIDI – will reach the level of the Central European countries", stated Cătălin Stancu, General Manager of Electrica.

Electrica Group's investments in infrastructure have constantly increased year after year, in 2017, for example, the total value achieved is of RON 727 million, out of which RON 235 million in SDEE Transilvania Sud, RON 238 million in SDEE Muntenia Nord and RON 254 million in SDEE Transilvania Nord. The total value of investments made in 2017 at Electrica Group level is with over 30% higher than in 2016, and more than double compared to 2014.

Thus, investments in distribution networks led to a significant improvement of the operational efficiency and quality of the distribution service, determining an important reduction of the average time of unplanned interruptions to consumers (unplanned SAIDI), in 2016 compared to 2014, by 10% at SDEE Muntenia Nord, 30% at SDEE Transilvania Sud and 19% at SDEE Transilvania Nord. In 2016, the last year with available official statistics on performance indicators, the best result was obtained by SDEE Muntenia Nord (240 minutes/year), with 17% below the average recorded at national level (290 minutes/year).

The investment plan structure will continue to focus in 2018, as before, on financing works for the rehabilitation and upgrade of distribution networks, in order to improve the quality of service (40%), to improve the energy efficiency and reduce network losses (40%), and to increase the operational efficiency. At the same time, at Group level, important investments will be made in the modernization of the IT infrastructure and information technology systems, taking into account both the legal requirements on data protection and the positive effect on improving the quality of the services provided.

At the level of all the three distribution operators, investments were made in 2017 to extend the Distribution Automation System (DAS), in order to increase the operational efficiency and safety in the operation of installations. Works to switch medium voltage networks to a voltage of 20kV have been carried out, a significant project being completed in Predeal resort, through an investment of approximately RON 5 mln, in order to ensure the quality of distribution in winter periods, with peak demand. Other investments aimed at ensuring the quality of electricity to consumers, by executing works to improve voltage level of low voltage networks, in both urban and rural environments. For this purpose, in SDEE Transilvania Sud area, through an investment of approximately RON 20 mln, works have been executed in over 45 localities, totaling over 150 kilometers of network and over 50 transformer stations. At the level of SDEE Muntenia Nord, over RON 76mln were used to increase supply safety and improve the voltage level in around 100 localities, achieving the rehabilitation of over 20 kilometers of network and over 17,000 connections. Also, in SDEE Transilvania Nord area, the operation of low voltage networks has been optimized, as part of an ambitious program of RON 77 mln, which will continue in 2018.

With a tradition of 120 years, electricity distribution companies within Electrica Group cover over 40% of Romania's territory, having an operating area of approximately 100,000 square kilometers. The three companies within Electrica Group serve over 3.6 million consumers in 18 counties in the Muntenia Nord, Transilvania Sud and Transilvania Nord areas.

Electrica Group is leader in the electricity distribution and supply market in Romania, as well as one of the most important players in the energy services sector. The top position is supported by both the economic results and an experience in the field of 120 years.

Electrica Group provides services to over 3.6 million customers and has national coverage - with organization in three areas for electricity distribution: Transilvania Nord, Transilvania Sud, Muntenia Nord and the entire country for electricity supply and for maintenance and energy services.

As of July 2014, Electrica has been a company with private majority capital, listed on the Bucharest and London stock exchanges. Electrica is the only Romanian company in the field of electricity distribution and supply in Romania.

More information about Electrica Group can be found on the company's website www.electrica.ro.