

PRESS RELEASE

Financial results – Q1 2018

- The unaudited consolidated net profit of Electrica Group in Q1 2018 is RON 59 million, an increase of RON 110 million compared to Q1 2017
- On April 27th, 2018 the shareholders approved a gross dividend of RON 0.7237/share, corresponding to a 100% distribution of distributable profit

Electrica Group registered an **unaudited consolidated net profit of RON 59 million in Q1 2018**, which represents an increase of RON 110 million compared to Q1 2017.

EBITDA increased by RON 141 million yoy, mainly as a net effect of:

- the total operating revenues and electricity cost evolution highlighted below, posting a net increase RON 155 million;
- the decrease by RON 7 million, or 5%, to RON 142 million of the expenses with salaries and employee benefits, following the activity optimization measures taken by the Group.

The Group EBIT increased by RON 127 million y-o-y, the EBITDA being impacted by the increase of the depreciation and amortization of RON 13 million or 13.2%, mainly due to the increase of investments' commissioning, but also as a result of assets revaluations performed as of December 31st, 2017.

The total operating revenues of Electrica Group in Q1 2018 amounted to RON 1,389 million lei, which represents a decrease of 54 million as compared to Q1 2017.

Regarding the distribution segment, revenues increased by 5.8%, as the network construction revenues increase exceeded the effect of the distributed quantity decrease by 2.5%, as well as the slight decrease of the average distribution tariffs, for the distribution operators.

With regard to the supply segment, net revenue decreased by 13.8%, on account of the following factors: 6.9% decrease in the supplied quantity (at national level, electricity consumption has decreased by 9.2% yoy), 13% average increase of supplied electricity prices, as well as the effect of the implementation of a new international financial reporting standard, IFRS 15, starting January 1st, 2018, resulting in RON 31 million elimination from Q1 2018 revenues (as well as from the electricity purchase costs), without affecting the margin. The energy margin has significantly improved, as the selling prices have been correlated with the acquisition prices, that followed the market developments, along with the implementation of risk policies as well as the orientation towards a balance between profitability and market share.

The consolidated electricity purchase costs decreased by 22%, to RON 742 million in Q1 2018, as a result of prices stabilization on the electricity market compared with Q1 2017 period when maximum historical values were reached.

OTHER IMPORTANT HIGHLIGHTS

- During Q1 2018, Electrica Group distributed approximately 4.5 TWh of electricity (a decrease with 2.5% as compared to Q1 2017) to approximately 3.7 million users;
- Electrica's distribution operators distributed approximately 40% of total electricity distributed at national level;
- Electrica Furnizare has a market share of 19.06%. It is the market leader on the regulated market, with a market share of 40.79%, whilst on the competitive market Electrica Furnizare has a market share of 11.58% (according to the ANRE report from December 2017).

Financial Results	Q1 2018 (RON million)	Q1 2017 (RON million)	Δ %
Operating revenues	1,389	1,444	-3.8%
Operating expenses	1,309	1,491	-12.2%
EBITDA	191	50	282%
Operating profit/ (loss)	81	(47)	n/a
Net profit/ (loss)	59	(51)	n/a

CEO STATEMENT

Cătălin Stancu, CEO Electrica SA: “The results of the first quarter of 2018 are in line with the expectations. The experience of 2017, an atypical year for the energy market, and the measures we have adopted, including the rethinking of the business model, started to pay off. I am glad to say that the strategic decisions have been effective and that the gradual recovery expected early this year is becoming more and more visible. Certainly, the normalization of the energy market situation in Q1 2018 has contributed to the positive Group’s results as compared with Q1 2017.

The development of record investments at the level of Electrica contribute to the long-term sustainability of the Group’s results.

A sustainable and consistent level of investments creates the foundation of improving the network performance, reducing technological losses, streamlining operating activities, to the benefit of end-users. In this respect, we emphasize the fact that in 2018 we plan to invest approximately 900 million RON only in the distribution infrastructure.

In this respect, it is necessary to have a regulatory framework that will further stimulate the investments that are essential for the Romanian energy system. At the same time, identifying a balance between affordability of energy prices and ensuring security of energy supply is a challenge that needs to be primarily addressed”.

Electrica Group is a key player in the electricity distribution and supply market in Romania, as well as one of the most important players in the energy services sector.

Electrica Group provides services to over 3.6 million customers and has national coverage - with subsidiaries 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 become a company with private majority capital, listed on the Bucharest and London stock exchanges. Electrica is the only listed 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.