

PRESS RELEASE

Financial results - 2018

- **Electrica S.A. achieved, in 2018, a standalone net profit of RON 298 million**
- **The Board of Directors proposes to the shareholders a gross dividend of 0.73 RON/share, corresponding to a 87.4% distribution rate of the standalone net profit, after deduction of the legal reserve**
- **At a consolidated level, the net profit of Electrica Group, in 2018, is RON 230 million**

In 2018, Electrica S.A. achieved a standalone net profit of RON 298 million, a 15.4% increase as compared to 2017, based on the standalone audited financial statements.

The Board of Directors of Electrica S.A. endorsed and will submit for the approval of the Ordinary General Meeting of Shareholders on 25 April 2019 the proposal to distribute a gross dividend of 0.73 RON/share from the standalone profit of 2018. The total gross value of dividends is RON 247.5 million, representing 87.4% of the standalone net profit after deduction of the legal reserve, established based on the audited standalone financial statements of Electrica S.A. for 2018. The proposed dividend yield is 7%, taking into account the share price for Electrica S.A. at BVB on 4 March 2019.

In 2018, Electrica Group registered a consolidated net profit of RON 230 million, which is 34% more than 2017, based on the audited consolidated financial statements.

The total operating revenues of Electrica Group, in 2018, amounted to RON 5.778 million, a level similar to that of 2017.

Regarding the distribution segment, revenues increased by 2.3%, in the context of the distributed quantity increase for medium and low voltages, as well as due to the record investments in the network. With regard to the supply segment, net revenue decreased by 5.4%, mainly as a result of a 3.4% decrease in the quantity delivered, effect mitigated by the improvement of the gross margin.

In 2018, the EBITDA of Electrica Group was in the amount of RON 681 million, increasing by 13.2% compared to the level of RON 601 million recorded in 2017. EBITDA generated by the supply segment in 2018 was RON 137 million, a significant increase from the previous year's level of RON 10 million.

OTHER IMPORTANT HIGHLIGHTS

- In 2018, Electrica Group distributed approximately 17.7 TWh of electricity (a decrease with 0.9% as compared to 2017) to approximately 3.8 million users.
- The Group's distribution operators distributed approximately 40.3% of the total electricity distributed at national level to end users.
- Electrica Furnizare has a market share of 17.02%. It is the market leader on the regulated market, with a market share of 45.42%, and on the competitive market has a market share of 9.34% (according to the ANRE report for the first 11 months of 2018).

PROPOSED 2019 BUDGET

The Board of Directors submitted a budget proposal for the year 2019 to be approved by the Ordinary General Shareholders Meeting scheduled on 25 April 2019.

Thus, the individual net profit budgeted for 2019 is of RON 195 million and the consolidated net profit is budgeted at approximately RON 121 million. The budgeted result for 2019, decreasing compared to the previous year, is mainly explained by the legislative changes in the regulatory area, on both distribution and supply segments.

CEO STATEMENT

Georgeta Corina Popescu, CEO Electrica S.A.: “The year 2018 had many fluctuant evolutions if we analyze in terms of the results obtained each quarter, the result of the last three months being severely impacted by the significant increase of the electricity purchase costs, in particular on the regulated supply segment. Under the applicable provisions, the differences in acquisition costs unrecovered through the prices charged since 2018 will be recovered by 2022. Even under these circumstances, we ended the year with an individual net profit with 24% above the budgeted level and with a consolidated net profit higher by 34.3% compared to 2017.

It is worth noting the record investment level achieved, in 2018, in the distribution infrastructure, with the effect of increasing operational efficiency, as well as improving the quality of the energy distribution service.

The year 2019 marks the beginning of a new regulatory period, which brings important changes. We continue to strongly believe that it is absolutely necessary to have a predictable regulatory framework and to further stimulate investments, the engine of the evolution of the Romanian energy system.”

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 3.8 million users 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.