PRESS RELEASE

Financial results - H1 2019

- The consolidated net profit for the first half of 2019 is RON 109 million, representing 90% of the budgeted amount for 2019

BUCHAREST, August 14, 2019 – Electrica Group recorded, in the first six months of the year, a consolidated net profit of RON 109 million, covering the loss from Q1 amounting RON 41 million through a net profit recorded in Q2 of RON 150 million. The consolidated net profit budgeted for 2019 amounts to RON 121 million, thus the consolidated net profit at the end of H1 2019 represents 90% of the budgeted value for 2019.

Group's operating profit decreased by RON 138 million, compared to the same period last year, due to significant changes in the regulatory framework, mainly with adverse effect. Thus, at the EBITDA evolution was added the unfavorable impact of the depreciation expense, an increase of RON 25 - following the application a new financial reporting standard starting with January 1, 2019 and the volume of investments put into operation, as well as the positive impact of asset value adjustments.

The total operational revenues of Electrica Group in the first half of 2019 amounted to RON 3.180 million, an increase of 16.6% or RON 452 million compared to the same period of 2018.

In the distribution segment, revenues increased by 6.6%, as a result of the increase in the distributed quantity by 0.3% and the average distribution tariffs, as well as significant increase in network investment values, in line with the applicable accounting policies, in H1 2019, compared to H1 2018.

In January and February 2019, compared to the same period of 2018, distribution tariffs increased by approximately 3.2% at SDTN, 7.2% at SDMN and 5.8% at SDTS, and as of March 1, 2019, an increase of 2.3% was applied, compared to the previous month, to partially include the contribution to ANRE of 2% on the turnover, as established by GEO no. 114/2018. Also, starting with July 1, 2019, new distribution tariffs were approved through ANRE orders, increased by 2.3% on average for the three distribution operators of Electrica Group, reflecting the increase in Regulated Rate of Return (RRR) to the value of 6.9%.
Regarding the **supply segment**, revenues increased by 20.5%, as a result of the 7.7% increase of the electricity supplied volume on the retail market, the average selling prices rise by 6.3%, as well as a result of the development of the natural gas supply activity.

**Consolidated costs for the purchase of electricity** increased by 32.6%, to RON 1.683 million in H1 2019, mainly as a result of the increase in OPCOM trading prices.

This evolution impacted the distribution segment, by increasing the cost of electricity purchased to cover network losses by 22.3%. Thus, the positive effect generated by the slight decrease of the necessary quantity to cover network losses, compared to H1 2018, was canceled by the increase in electricity purchase prices, which were significantly higher than the ex-ante price approved by ANRE for the distribution companies in the Electrica Group. However, these differences may be recovered, at least partially, through the distribution tariffs, in the following periods, in accordance with the provisions of the 4th Regulatory Methodology.

In the supply segment there was also an increase of 35.6% of the electricity purchase costs, as a cumulative effect of the increase in the purchase price and the electricity purchased volume. The supply margin was negatively affected, mainly because, through the tariffs approved by ANRE, the price recognized for the first two months of 2019 on the regulated segment does not cover the actual purchase price of the electricity. However, by GEO no. 114/2018, the legal framework was established for the recovery of electricity purchase losses for 2018 and 2019, in the following periods, from 1 March 2019 to 28 February 2022.

**OTHER IMPORTANT HIGHLIGHTS**

- In H1 2019, Electrica Group distributed approximately 8.86 TWh (0.3% up from H1 2018) to about 3.79 million users;
- The Group’s distribution operators distributed electricity in an area covering approximately 40.7% of national territory;
- Electrica Furnizare has a market share of 18.84%. It is the leader on the regulated market, with a 50.53% share, while on the competitive market has a share of 10.97% (according to the ANRE report of May 2019). The company supplied 4.6 TWh of electricity to a number of approx. 3.5 mn final consumers (both in last resort regime and on the competitive market).
### Financial Results

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<thead>
<tr>
<th>Financial Results</th>
<th>H1 2019 (RON million)</th>
<th>H1 2018 (RON million)</th>
<th>Δ %</th>
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</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>3,180</td>
<td>2,728</td>
<td>16.6%</td>
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<tr>
<td>Operating expenses</td>
<td>3,056</td>
<td>2,467</td>
<td>23.9%</td>
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<tr>
<td>EBITDA</td>
<td>359</td>
<td>477</td>
<td>-24.8%</td>
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<tr>
<td>Operating profit/(loss)</td>
<td>124</td>
<td>261</td>
<td>-52.6%</td>
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<tr>
<td>Net profit/(loss)</td>
<td>109</td>
<td>210</td>
<td>-48.1%</td>
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### CEO STATEMENT

**Georgeta Corina Popescu, CEO Electrica S.A.:** “We are pleased to say that, despite the challenging context, Electrica Group managed to overcome a part of the negative conditions of the energy market and the regulatory framework, and to record a consolidated net profit of RON 109 million in the first 6 months of the year, which represents 90% of the budgeted value for 2019.

It is also worth noting the operating revenues’ increase, a natural consequence of both the increase in consumption during this period and the investments made, in particular, in our distribution networks and in improving the services provided.

Moreover, we are in the process of development of some new major projects, of which we will provide details in the near future. We have ambitious plans for the next period, which, in addition to continuing the optimization programs of the Group’s activity, include the products and services offer improving in the supply segment, as well as meeting the needs of our customers, both by developing new solutions and services, as well as by sustained investments in networks and technology.”

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**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](http://www.electrica.ro).