PRESS RELEASE

Financial results - 9 months 2019

- The consolidated net profit for the nine-month period ended on September 30 2019 is RON 161 million

BUCHAREST, November 15, 2019 - Electrica Group recorded, in the first nine months of this year, a consolidated net profit of RON 161 million, covering the loss from Q1, amounting RON 41 million, through a net profit recorded in Q2 and Q3 of RON 202 million.

The total operational revenues of Electrica Group in the nine-month period ended on 30 September 2019, amounted to RON 4.723 million, an increase of 14.5% or RON 597 million, compared to the same period of 2018.

In the distribution segment, revenues increased by 3.9%, as a result of the increase in the distributed quantity by 0.5% and the average distribution tariffs, as well as significant increase in network investment values, in accordance with the applicable accounting policies, in the first nine months of 2019, compared to the same period of 2018.

Regarding the supply segment, revenues increased by 20.4%, as a result of the 8.7% increase of the electricity supplied volume on the retail market, the average selling prices rise by 5.6%, as well as a result of the development of the natural gas supply activity.

Consolidated costs for the purchase of electricity increased by 31.8%, to RON 2.446 million in the first nine months of 2019.

This evolution impacted the distribution segment, by increasing the cost of electricity purchased to cover network losses by 22.4%, influenced by the upward evolution of electricity purchase prices, which were significantly higher than the ex-ante price approved by ANRE for the distribution companies in the Electrica Group.

In the supply segment there was also an increase of 34.2% 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.

Due to these significant changes in the legislative and regulatory framework, particularly with adverse effect, the Group’s operating profit decreased by RON 190
million, compared to the same period of last year. Thus, the unfavorable impact of the depreciation expense was added to the evolution of EBITDA, an increase of RON 35 million - as a result of applying a new financial reporting standard from January 1, 2019 and the volume of commissioned investments.

OTHER IMPORTANT HIGHLIGHTS
- In the first nine months of 2019, Electrica Group distributed approximately 13.27 TWh (0.5% increase compared to the first nine months of 2018) to about 3.77 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 18.54%. It is the leader on the regulated market, with a 51% share, while on the competitive market has a share of 10.85% (according to the ANRE report of August 2019). The company supplied 6.9 TWh of electricity to a number of approx. 3.5 mn final consumers (both in last resort regime and on the competitive market).

More information about the financial results of Electrica Group in the first 9 months of the year can be found at this link: https://www.electrica.ro/en/investors/results-and-reports/interim-results/financial-statements-for-q3-2019/.

CEO STATEMENT
Georgeta Corina Popescu, CEO Electrica S.A.: “After a first quarter of this year marked by the significant changes of the regulatory framework, which had adverse effects on the business, we managed to recover and, to register a consolidated net profit of RON 161 million at the end of nine months, representing 133% from the budgeted value for the 2019 year.
In a period full of challenges, we continued to assume the role of responsible company to the 3.7 million users in the portfolio, as well as to the more than 7000 shareholders. We also believe that the authorities have a responsibility to ensure predictability, a regulatory framework that will stimulate investments, as well as equitable and non-discriminatory treatment for all participants in the energy market.”

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 3.7 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.