ROMGAZ – November 2015

Company Overview

ROMGAZ

Largest Reserve Holder, Producer and Supplier of Natural Gas in Romania

Gas Exploration & Production

- Onshore mature natural gas reserves base[1]: 1P 62 bcm, 2P 75 bcm
- >140 commercial gas fields, Significant onshore and offshore exploration potential
- Production: 4.13 bcm in 9M/15, -2.2% y/y (stabilised at 5.66 bcm in 2014, +0.23% y/y)
- Largest gas producer: 49% market share in 7M/2015

Gas Supply

- 46% market share in Romania

Underground Storage

- Working capacity: 2.76 bcm, market share of over 90% in Romania
- Regulated activity (revenue-cap methodology, RR on RAB)

Electricity Production

- 800 MW installed capacity – total delivery +75% y/y in Q3 (1,102 GWh in 9M/15)

Key Financials (RON mln)

	2013	2014	Q3/14	Q2/15	Q3/15	9M/14	9M/15
Revenue	3,894	4,493	760	870	698	3,287	2,933
EBITDA	1,960	2,490	503	382	465	1,918	1,689
EBITDA margin	50.3%	55.4%	66.2%	43.9%	66.7%	58.3%	57.6%
Net profit	996	1,410	243	204	209	1,114	975
Net margin	25.6%	31.4%	32.0%	23.4%	29.9%	33.9%	33.3%
Dividends [2]	991	1,214	-	-	-	-	-
CAPEX	848	1,085	219	264	173	751	653

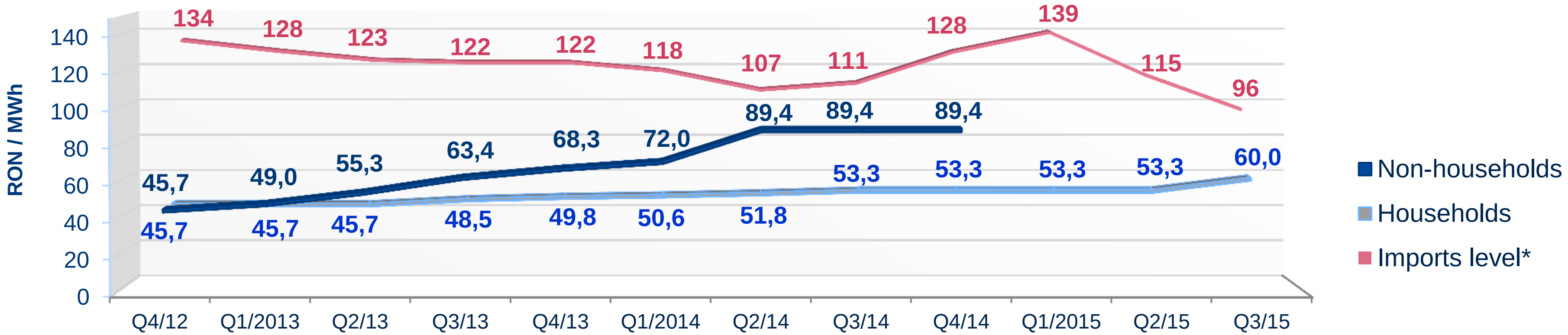
[1] Based on CPR prepared by DeGolyer&MacNaughton updated to June 30, 2013

[2] Distributed from the year's net profit

Factors with impact on economic performance

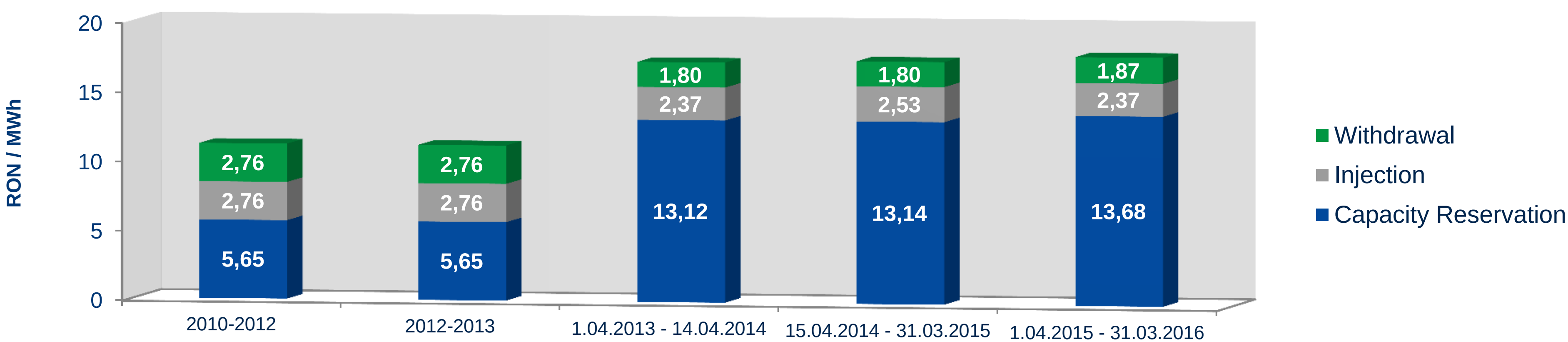
ROMGAZ

Regulated domestic gas production prices in Romania vs imports level



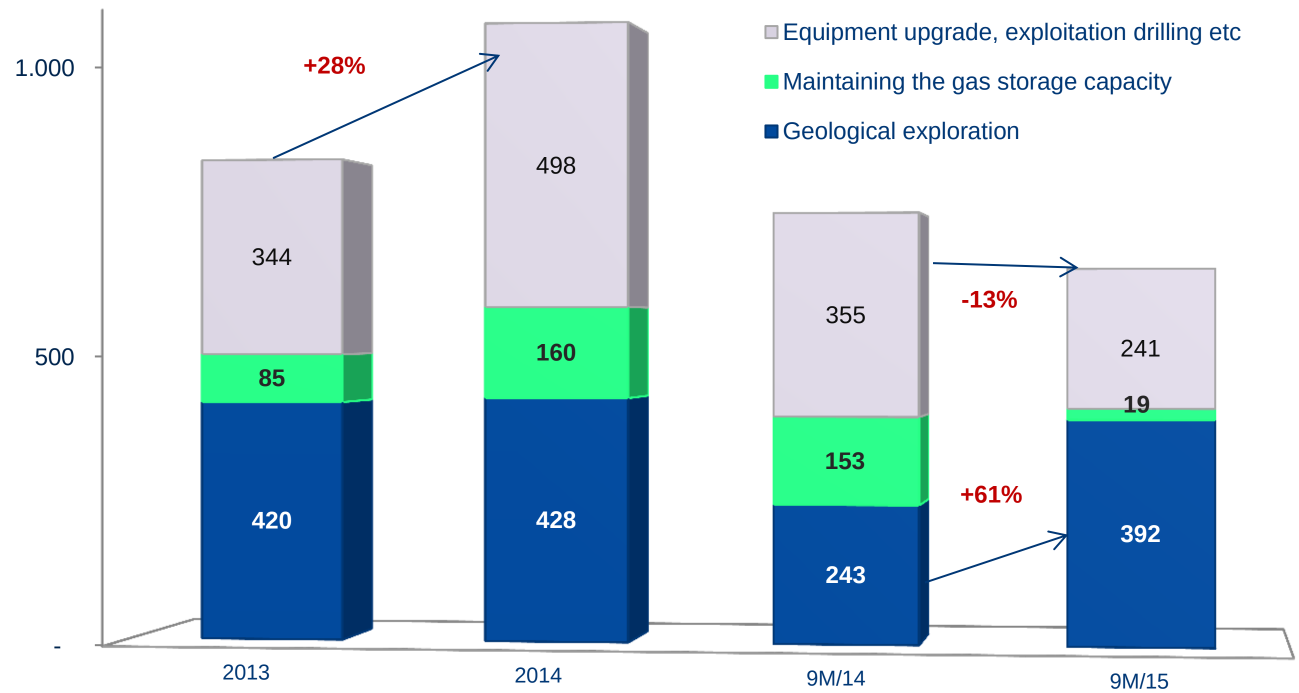
Regulated storage tariffs

Source: ANRE, Romgaz computation based on ANRE data; in Q3/15 - imports price was available for July only



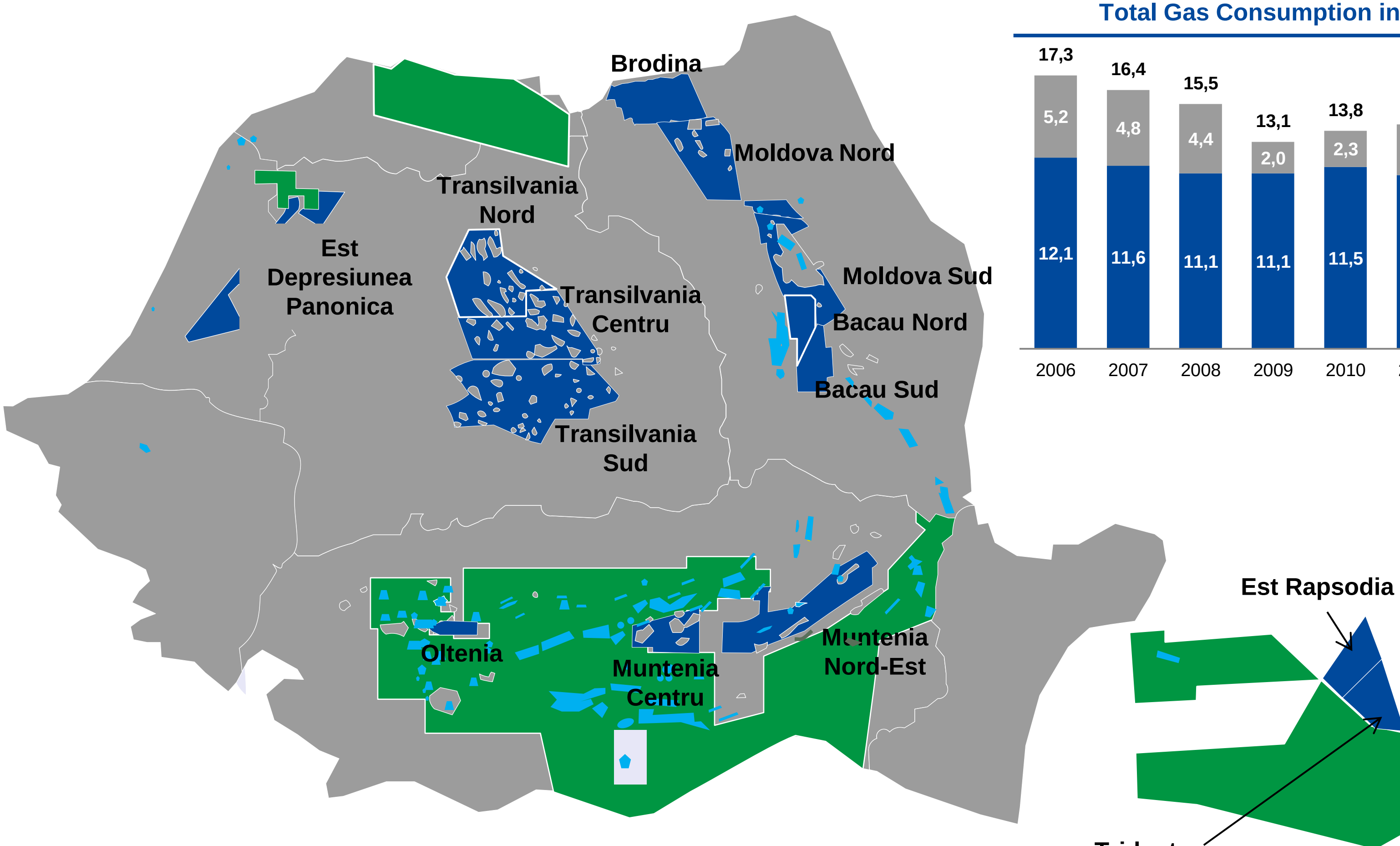
Key Financial Data-CAPEX

Capital Expenditures (RON mln)



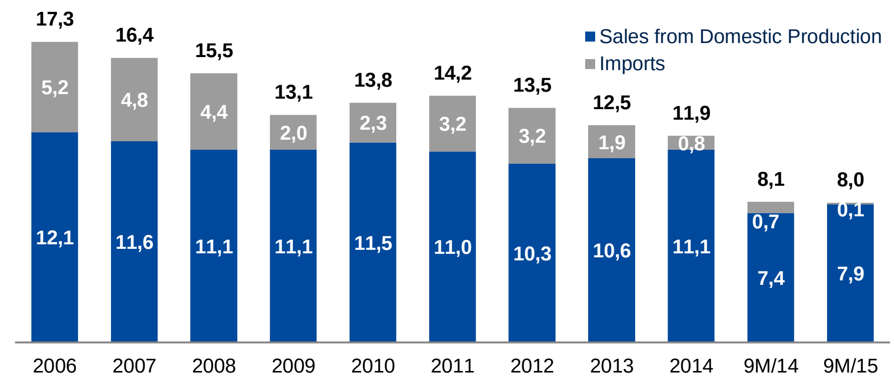
Gas Resource Overview in the Country

Mature Market With Long History of Production and Significant Upside Opportunities



Romgaz licenses
OMV PETROM Exploration Blocks
Romgaz commercial fields
OMV PETROM Commercial Fields

Total Gas Consumption in Romania 2006 – 9M/15 (bcm)



Source: Romgaz estimates, ANRE

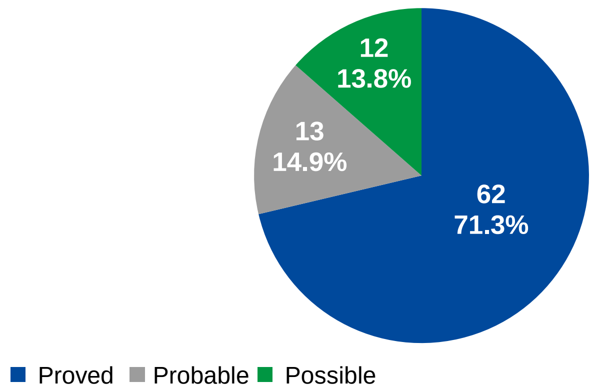
- Mature province with more than 100 years of production history from conventional reservoirs
- Recent use of new technologies to mitigate production decline
- Large discovered resources to be brought on stream
- Significant exploration potential from conventional and unconventional reservoirs
- Recent offshore discoveries in Black Sea

Source:Romgaz, ANRE

Romgaz: Reserves and Resources

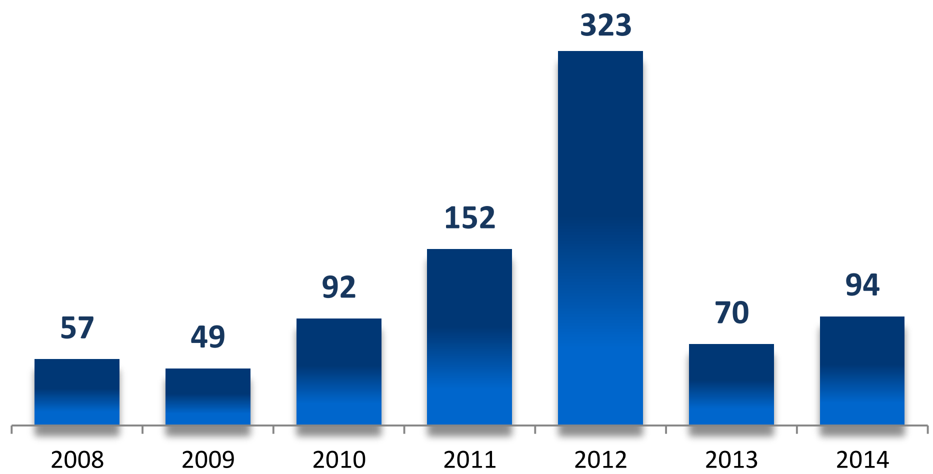
Sizeable reserve base with a signification portion proven developed

Audited Reserves[1] June 2013 (bcm, % of total)



- Three production areas: **Transylvanian Basin (around 90% of production)**; Muntenia Moesian Platform and Moldavia Platform
- **25 fields hold about 70% of Romgaz reserves** (average size of proved reserves per average field is of 450 million m^3, with 17 fields with over 1 bcm)
- **Recovery factors between 55% and 85%** for most fields (90% in the more mature fields)
- **Six gas storage facilities** – native gas acts as cushion gas in the storage process

Revisions and New Discoveries Reserves Replacement Ratio (%)



- Reevaluation driven by investment in well workovers and installation of compressors
- Effect of increasing gas prices
- Bringing existing discoveries on-stream
- New discoveries

Source: CPR prepared by DeGolyer&MacNaughton updated to June 30, 2013.

[1] Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.

Exploration Overview

ROMGAZ

Efforts undertaken to unlock significant resource potential

- ✓ Petroleum agreements for 9 onshore exploration blocks (about 17,650 km² across the Transylvania, Moldova, Oltenia and Muntenia basins) with 100% working interests
- ✓ Major projects in Transiilvania (Cris, Laslau Mare, Chendu), Moldova (Frasin_Gura Humorului), Muntenia (Caragele) in presalt area and In deep reservoirs.
- ✓ Finalised 3D seismic acquisition for period 2011-2016
- ✓ Development programme in progress for 61 new wells tested (38 were successful, 23 were dryhole) in the first 9M 2015
- ✓ Total P50 unrisky prospective volumes of c. 80 bcm; prospects in low-risk and deeper horizons (2014 preliminary: new P50 resources identified of c. 2 bcm)
- ✓ 10% interest in offshore exploration in the Black Sea with Lukoil and Pan Atlantic (East Rapsodia + Trident) for c. 2,000 km²

Exploration Works 2012-2014 of the Key Nine Blocks

	2012		2013		2014	
	Units	RON mln	Units	RON mln	Units	RON mln
3D (km^2)	700	52	1,830	145	1.218	82
2D (km^2)	517	23	224	9	451	20
Well drilling	5	66	25	206	20	260
Other works(1)	-	9	-	7		5
TOTAL		**150**		**367**		**348**

Overall in 2014:

- ✓ 3D seismic services acquired on a surface of 1200 km²
- ✓ 3D+2D seismic surveys in Moldova, Muntenia and Oltenia
- ✓ Drilling of total 20 new exploration wells
- ✓ Drilling of the first well in the Black Sea (Rapsodia block) initiated

Exploration Drilling Program 2015

		2015
Contingent Resources (C2)	No. of wells	13
	Assessments of resources (bcm)2)	10
Prospective Resources (P50)	No. of wells	25
	Assessments of resources (bcm)2)	31

Latest developments:

- ✓ Completed drilling of the 2nd exploration well in Trident block in the Black Sea in October, large discovery revealed - reserves might exceed 30 bcm
- ✓ Completed production tests for 2 new descoveries (Cibu and Tapu)

Performance in H1 2015:

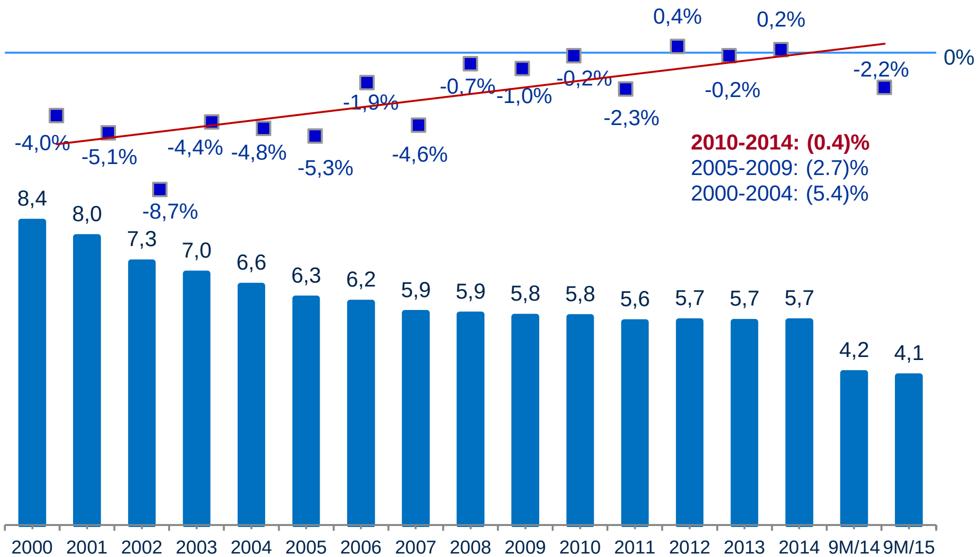
- ✓ 3D seismic services acquired on a surface of 913 km²
- ✓ Finalised drilling of 2 wells – 1 well in each of Rapsodia & Trident blocks in the Black Sea
- ✓ Drilling of total 16 new exploration wells

[1] Other works: MT sounding, Gore-Sorber surveys and development for experimental production.
[2] Based on Romgaz own assessment.

Production of Natural Gas

Arresting Production Decline via Application of New Technologies

Romgaz Annual Production Levels – bcm (2000-9M/2015)

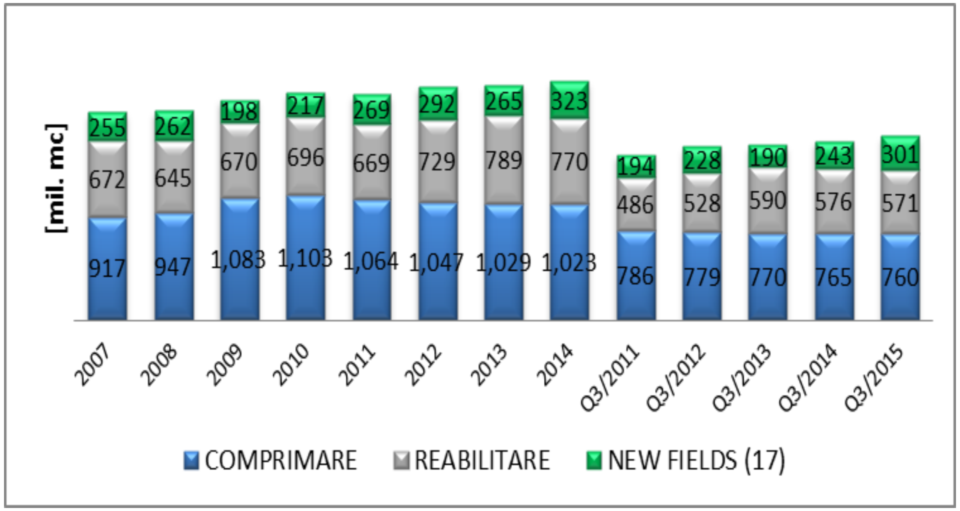


✓ **Production decline rate stabilized at 0% during 2010-2014 due to**:
- Installation of gas compression and production enhancement/rehabilitation
- Acquisition of 3D seismic data, dynamic and static reservoir modelling
- Production from new discoveries

✓ **Overall in 9M 2015:**
- 2 new discoveries accounting jointly for 3% of Romgaz' daily production
- Compressor station commissioned - access to additional 0.50 bcm

✓ **In 2014:**
- 12 new wells started production
- 175 workover wells with output estimated at 0.15 bcm (2013: 166 wells / 0.17 bcm)

Arresting Production Decline – Enhanced Production from Selected Fields[2)]



- Gas compression added to a number of fields
  - Including Filitelnic, the largest field in Romgaz's portfolio
- Production rehabilitation measures
  - Romgaz driven for some fields
  - Partnership with Schlumberger and Amromco for other fields

(2) Selected fields: (i) compression added Bazna, Filitelnic, Tg. Mures, (ii) production rehabilitation (Nades, Laslau, Roman) and (iii) 14 new producing fields. Production enhancement includes activities focused mainly on well workovers and new completion techniques.

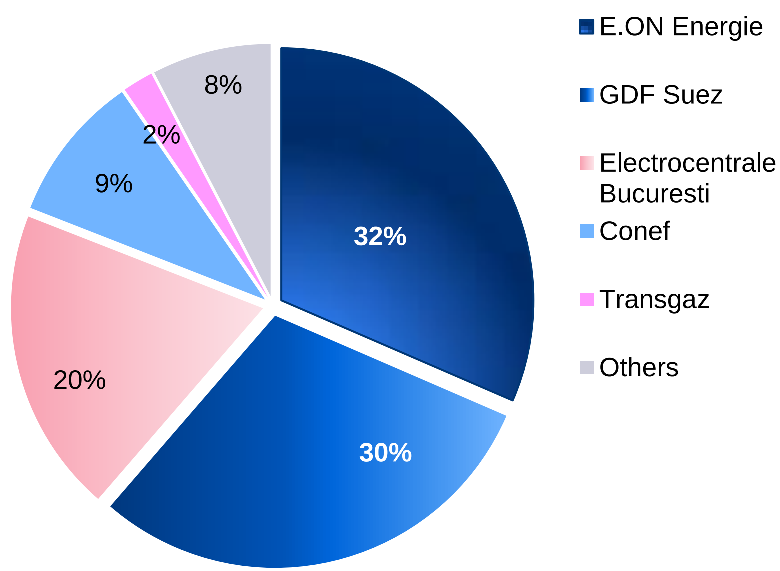
Commercialising the Gas

Total Gas Supply and main Customers

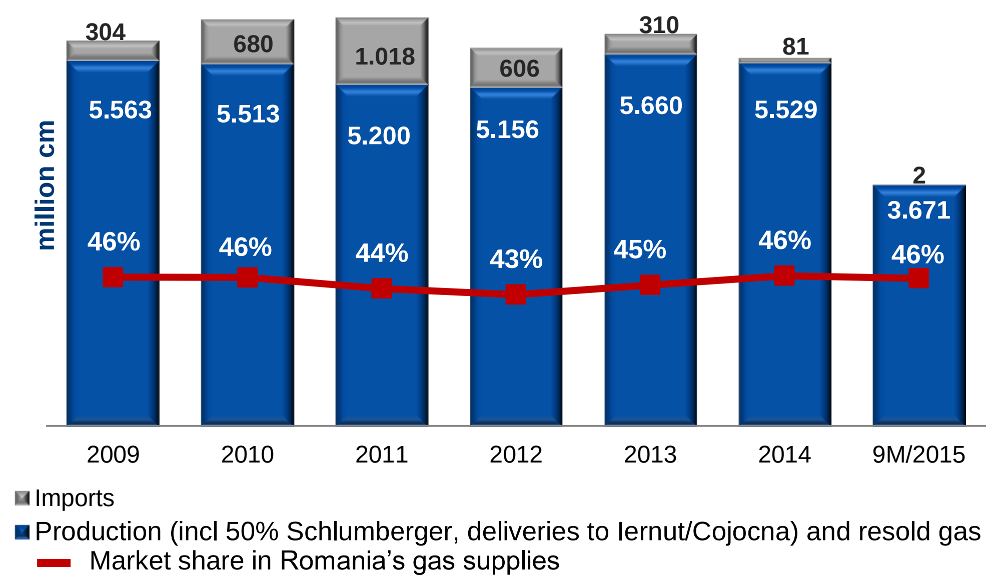
Largest Supplier of Gas in Romania (Domestic Production + Imports)

- Breakdown of volume gas sales: 37.6% to Households (HHs) and thermal plants for the gas used for HHs heating + 62.4% to industry (including from UGS) in the 3rd Quarter of 2015 (from 60.0% / 40.0% respectively in H1/2015)
- Around 62% of Romgaz' gas sales are to GDF Suez and E.ON Energie in terms of volume (9M/2015)
- Significant market share in Romania's gas supply

Romgaz - Key Clients in 9M/2015 (volume terms)



Romgaz Gas Deliveries in Romania's Total Supply



Sources: Romgaz, ANRE

Storage and Power

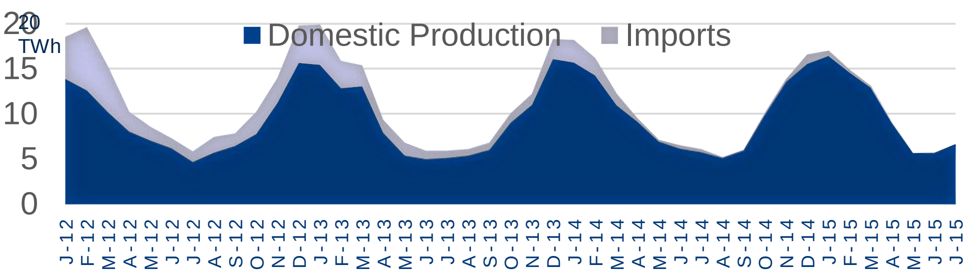
Romgaz is the Largest Owner and Operator of Gas Underground Storage Facilities in Romania
Romgaz Entered the Power Segment with the Acquisition of Iernut Power Plant (CTE Iernut)

Underground Gas Storage

- Romgaz owns six facilities (90% market share) - working capacity 2.76 bcm plus 40% stake in joint venture with Gaz de France - Depomures (300 mln cm)
- Regulated by ANRE using the revenue-cap methodology – third 5-year regulatory period started in Apr 2013, royalties of 3% of operating revenues
- Capacity expansion plans: Sarmasel (0.9 bcm/cycle) - Urziceni (0.360 bcm/cycle completed in 2014)

UGS	Working Capacity	UGS	Working Capacity
Bilciuresti	• 1,310 mln cm/cycle	Cetatea de Balta	• 200 mln cm/cycle
Sarmasel	• 800 mln cm/cycle	Ghercesti	• 150 mln cm/cycle
Urziceni	• 250 mln cm/cycle	Balaceanca	• 50 mln cm/cycle

Seasonality of Gas Consumption in Romania



Source: ANRE

Electricity Production

- CTE Iernut power plant enjoys a good strategic positioning in the middle of the Romanian electricity system
- Role: to cover national power consumption by acting in the electricity wholesale and balancing markets, ensure ancillary services to the national system, eliminate possible network constrains in NW Romania
- Installed capacity of 800 MW built in '60s, with a flexible operational structure (4x100 MW, 2x200 MW)
  - Units 1 & 4 (2x100 MW) being modernized (to reduce NO_x emissions)
  - Units 5 & 6 (2x200 MW) can operate until 2020
  - 2x100 MW to be out of service in January 2016 (environmental issues)
- Market share of 2.4% in terms of electricity production achieved in 2014 (output level of c. 1,435 GWh)
- Total delivery of 1,102 GWh in 9M/15 / 692 GWh in Q3 alone (1,710 GWh in 2014)
- Optimising gas production - electricity production - storage injection
- We intend to complete soon the selection of the consultant to help us assess the procedures and criteria for finding a partner for refurbishment of Iernut plant; plans are for a new power plant based on a Gas Turbine Combined Cycle system, of max. 400 MW capacity and gross electrical efficiency of min.55%

Strategic goals-Excerpt

Increase of the gas resources and reserves portfolio through the discovery of new resources and the improvement of the recovery rate of already discovered resources	➢ **Enhanced recovery and development of already discovered resources** - Extend the life of and the amounts recoverable from existing fields - Appraisal of substantial contingent resource base and subsequent conversion into reserves - Continue cooperation with Schlumberger and other partners ➢ **Discovery of new resources in established geological plays** - Further exploration program (existing and new licenses) - Acquire additional blocks for exploration and development of conventional onshore gas resources
Seeking New and Diversified Growth Opportunities	➢ **Frontier Reservoirs** - Further development of on-shore sub-salt reservoirs - Exploration of unconventional potential in Romania - Increasing focus on deep water reservoirs (Black Sea) ➢ **Potential international opportunities**
Optimization, development and diversification of the UGS activity by reconsidering its importance in view of safety, continuity and flexibility of the natural gas supply	➢ Increase the efficiency of the gas storage facilities in order to Enhance Gas Trading Capabilities

2016 Perspectives and opportunities for service suppliers-1

		Budget **[**Euro]
1.	**SERVICES**	
	Gas wells perforation services	
	Fluid services for production layers	
	Vertical seismic profiling VSP (framework agreement)	
	Borehole survey services	
	Software upgrade services: MAIS, BI, Hyperion	
	Pit cementing services, technological operations, fluid injection services	
	Special operations with snubbing equipment	
	Maintenance services for TEG dehydration stations (framework agreement 4 years)	
	Total services:	**20,880,400**
2.	**GOODS**	
	Security surveillance systems	
	Servers + Desktop PC	
	Cesspit emptier	
	Well workover equipment (coiled tubing unit)	
	Excavators	
	Utility vehicles + Microbus	
	Automobiles	
	Hubs equipped for storing salt water, fluids and drilling mud	
	Forklift trucks	
	Various software packages	
	Hoisting cranes	
	Total goods:	**13,225,000**

2016 Perspectives and opportunities for service suppliers-2

3.	**WORKS**	
	Drilling works (exploration + production)	
	Repair works and refurbishment	
	Construction of multifunctional buildings	
	Pipeline dismantling and replacement	
	Construction of gas pipelines	
	Construction of electrical lines	
	Gathering pipes repair works	
	Construction of waste water pipelines	
	Gas wells recompletion operations	
	Construction of surface facilities	
	Total works:	**89,190,000**
	Total:	**123,295,400**

2016 Public procurements at Romgaz – Laws – Publication of Procurement Notices-1

As of November 12, 2013, the company's shares are listed both on the regulated market governed by **Bucharest Stock Exchange** and on the regulated market governed by **London Stock Exchange**.

Having the Romanian State as major shareholder (owning 70% of the share capital) Romgaz has to apply the European legislation on public procurements, namely:

I. **DIRECTIVE 2014/24/EU** OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of February 26, 2014 on public procurements;

II. **DIRECTIVE 2014/25/EU** OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of February 26, 2014 on procurements by entities operating in the water, energy, transport and postal services sectors.

For contracting purposes, Romgaz has to perform all procurements publicly by complying with the laws specific for public procurements:

- ***G.E.O. 34/2006*** *– on the award of public procurement contracts, public works concession contracts and services concession contracts;*
- **Government Decision no. 925/2006 -** *on the approval of the application norms of the Government Emergency Ordinance no. 34/2006 regarding the award of public procurement contracts, public works concession contracts and services concession contracts*

2016 Public procurements at Romgaz – Laws – Publication of Procurement Notices-2

ROMGAZ

All projects for works, procurements of goods and services, necessary to be procured and contracted, are published as ***participation notices*** on:

A. The Electronic System of Public Procurements (SEAP) www.e-licitatie.ro

B. Tenders Electronic Daily (TED) www.ted.europa.eu

What is TED?

TED (Tenders Electronic Daily) is the online version of the 'Supplement to the Official Journal of the EU, dedicated to European public procurement.

How can I benefit from TED?

TED provides free access to business opportunities. It is updated 5 times a week with some 1,500 public procurement notices from the European Union, the European Economic Area and beyond. You can browse, search and sort procurement notices by country, region, business sector and more. Information about every procurement document is published in the 24 official EU languages. All notices from the EU's institutions are published in full in these languages.

Why should I (You) register on TED?

- To access the entire content of TED, including the archive.
- To personalize search profiles, according to your needs.
- To get e-mail alerts based on your search profiles.
- To personalize RSS feeds for your web sites and RSS readers.
- Registration and use of TED is absolutely free, and will remain so.

2016 Public procurements at Romgaz – Laws – Publication of Procurement Notices-3

Please consult regularly **SEAP** and **TED** websites to identify offering opportunities under the conditions stated in the award documentation attached to the **tender notices**.

The ***new law on sector related procurements*** shall come into force starting with January 1, 2016 and is going to be adopted during this session of the Parliament.

As Member State, Romania has the obligation to translate until April 18, 2016 in the national legislation Directive 2014/25/EU of the European Parliament and of the Council of February 26, 2014 on procurements by entities operating in the water, energy, transport and postal services sectors, repealing Directive 2004/17/EC.

THANK YOU !

Romgaz contacts: *secretariat@romgaz.ro*

- Vlad Pavlovschi- Business Development Director
- Horea Bodogae- Procurement Director

Homepage: *www.romgaz.ro*