

No 16.154/15.03.2019

Submitted for approval in the OGMS meeting of 23 April 2019

REPORT

on the gross dividend per share proposal and on the dividend payment modality for financial year 2018

SUMMARY

The approval of a gross dividend per share amounting to LEI 21.66, determined under the provisions of *Government Ordinance No. 64/30 August 2001 on the allocation of profits in national companies and trading companies owned by the state or where the state is a majority shareholder and the autonomous administrations* in terms of applying the rate of 50.00875% to profit as dividends. The quota allocation foreseen in the Transgaz revenue and expense budget for 2018 approved by OGMS Resolution 2/06.03.2018 is of 50%. According to Art. 43 of GEO 114/28 December 2018: *'the economic operators having full or majority state capital, which apply the provisions of Government Ordinance 26/2013 on the strengthening of the financial discipline at the level of some economic operators where the state or the administrative-territorial units are single or majority shareholders or directly or indirectly hold a majority stock, approved as supplemented by Law 47/144, as further amended and supplemented, according to the law, within 60 days from the date of approval of the financial statements, shall distribute and transfer as dividends or payments to the State Budget, in the case of the autonomous administrations, 35% of the amounts allocated to other reserves, according to Art.1 (1) (g) of Government Ordinance 64/2001 on the allocation of profits in national companies and trading companies owned by the state or where the state is a majority shareholder and the autonomous administrations, approved as supplemented by Law 769/2001, as further amended and supplemented, found in the existing cash in hand and bank accounts as well as those related to short-term investments on 31 December 2018 and which on the same date are not committed under procurement contracts, to be used as own funding sources.'*

No dividends were distributed in accordance with the provisions of Art. 43 of GEO 114/2018 due to the fact that on 31 December 2018 35% of the amounts allocated to other reserves according to Art. (1) (g) of Government Ordinance 64/2001 on the allocation of profits in national companies and trading companies owned by the state or where the state is a majority shareholder and the autonomous administrations, approved as supplemented by Law 769/2001, as further amended and supplemented,¹ found in the existing cash in hand and

bank accounts as well as those related to short-term investments, are committed under procurement contracts, to be used as own funding sources (Annex 1).

PROPOSAL

We submit for approval the following, according to Art. 15.3, letter e of the updated Articles of Incorporation of SNTGN TRANSGAZ SA:

- 1) The value of the gross dividend per share in amount of LEI 21.66;**
- 2) Dividend payment to the shareholders starting from 16 July 2019.**

DETAILED CONTENT

According to Art.111 (2) (a) of Law 31/1990 on the companies, as further amended and supplemented, and to Art.15 (3) (e) of the Articles of Incorporation of Transgaz, the General Meeting of the Shareholders of the Company has the competence of establishing the dividend.

The proposal for allocating by destinations the net profit amounting to **LEI 495,675,108**, according to *Government Ordinance 64/30 August 2001 on the allocation of profits to national companies and trading companies owned by the state or where the state is a majority shareholder and the autonomous administrations*, is as follows:

- | | |
|--|------------|
| ☛ Dividends to the shareholders | LEI |
| 255,021,461.04; | |
| ☛ Profit for the establishment own financing sources | LEI |
| 240,653,646.96. | |

According to Art.67, paragraph (2) of Law 31/1990 on the companies, as further amended and supplemented, dividends are distributed to the shareholders proportionally with their participation in the share capital.

The share capital of Transgaz is of LEI 117,738,440 divided into **11,773,844** ordinary, nominative, indivisible **shares** having a nominal value of LEI 10/share.

Thus, the value of the gross dividend is of **LEI 21.66/share**.

According to Art. 86 (5) of Law 24/2017 on the issuers of financial instruments and market operations, the payment of dividends due to shareholders is to be made through the central depository and through the participants to their system.

The date for the beginning of dividend payment was established considering the following:

- ☛ According to Art. 67 (2) of Law 31/1990 on the companies, 'The dividends shall be distributed to the shareholders in proportion with their participation quota in the paid-up capital, optionally on a quarterly basis, based on the interim financial statements, and annually, after the regularization performed under the annual

financial statements, unless the articles of incorporation provides otherwise. *These may optionally be paid quarterly, within the deadline established by the general meeting of the shareholders, as the case may be, established by special laws, and the regularization of differences resulting from the distribution of dividends during the year shall be made through the annual financial statements. Payment of the differences resulted from the regularization shall be made within 60 days as from the date when the annual financial statements related to the closed financial year were approved.`;*

- ☞ Art. 178(2) of Regulation 5/2018 of the Financial Supervisory Authority stipulates that *`in the case of the dividends, the General Meeting of the Shareholders shall establish as payment date a business day following up to 15 working days the registration date but not later than 6 months from the date of the General Meeting of the Shareholders establishing the dividends`;*
- ☞ According to Art. 1 (3) of GEO 64/2001, as updated, *`by derogation from the provisions of Art. 67, paragraph (2) of Law 31/1990 ... the national companies where the state is the sole, majority or controlling shareholder shall transfer dividends to shareholders within 60 days from the deadline provided by the law for the submission of the annual financial statements`.* According to OMPF No. 10/14.01.2019, Annex 1, Chapter III, the deadline for the submission of the annual financial statements and of the annual accounting reports for year 2018 for the national companies is of 150 days from the end of the financial year.

Chairman of the Board

Lăpușan Remus Gabriel