



**SOCIETATEA NAȚIONALĂ DE TRANSPORT
GAZE NATURALE "TRANSGAZ" SA MEDIAȘ**
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Submitted for approval in the OGMS meeting of 26 April 2018

REPORT

on the gross dividend per share proposal and on the dividend payment modality for financial year 2017

SUMMARY

The approval of a gross dividend per share amounting to RON 25.22, established according to *Government Ordinance 64 of 30 August 2001 on the distribution of profits in national companies and trading companies owned by the state or where the state is a majority shareholder and the autonomous administrations* with the applying of 50,019578% to profit as dividends. The distribution share foreseen in the income and expense budget of the National Gas Transmission company Transgaz SA per 2017 approved by GOMS Decision no 1/27.04.2017 is of 50%.

In the Government meeting of 08.02.2018 the Memorandum on the issue of "*The mandating of the representatives of the State in the General Meeting of the Shareholders/the Board of Administration, as the case may be, to the national companies and the companies with full or majority state capital, as well as to the autonomous administrations, in order to take the necessary measures to allocate a quota of at least 90% of the net profit achieved in 2017 as dividends/payments to the state budget*" was approved, which proposes:

- a) To mandate the representatives of the State in the General Meeting of Shareholders/Board of Administration, as the case may be, to decide on the allocation of a minimum 90% share of the net profit achieved in 2017 as dividends/payments to the state budget on the occasion of the approval of the Financial Standing of such year;
- b) If the provisions of letter a) cannot be implemented because of well justified reasons, the Government may approve by Memorandum the mandating of the state representatives in the General Assembly of the Shareholders/Board of Administration, as the case may be, to decide on the allocation of another quota of the net profit, but subject to the provisions of the GO no. 64/2001.

Given that the implementation of the provisions contained in point a of the Memorandum may result in Transgaz' incapacity to finance strategic development projects within the limits of leverage imposed by the grant agreements, the necessary formalities will be undertaken to obtain the mandate for approval in

the GMS of the share distribution of profit in the form of dividends according to point b of the Memorandum.

PROPOSAL

According to Art. 15.3 (e) of the updated Articles of Incorporation of SNTGN TRANSGAZ SA, we submit for approval:

- 1) The value of the gross dividend per share in amount of 25,22 lei;**
- 2) Dividend payment to the shareholders starting from 16 July 2018.**

According to Art.111 (2) (a) of Law 31/1990 on the trading companies, as further amended and supplemented, and to Art.15 (3) (g) 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 **582.061.043 lei**, according to *Government Ordinance 64 of 30 August 2001 on the distribution 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	296.936.345,68 lei
✎ Profit for the establishment own financing sources	285.124.697,32 lei.

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

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

Thus, the value of the gross dividend is of **RON 25,22 /share**.

According to Art. 86 (5¹) 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 trading companies, dividend payment term is established by the General Meeting of the Shareholders and cannot exceed 6 months from the date of the approval of the annual financial statements of the financial year ended, unless otherwise provided by special law;
- ✎ Art. 129³(2) of Regulation 13/2014 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 3 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 (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 470/11.01.2018, Annex 1, Chapter III, the deadline for the submission of the annual financial statements and of the annual accounting reports for year 2017 for the national companies is of 150 days from the end of the financial year.

CHAIRMAN OF THE MEETING

Minea Nicolae

THE MINISTRY OF PUBLIC FINANCE

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Approved by Vasilica Viorica Dancila

Prime Minister

Signature and stamp

REPORT

From	Eugen Orlando Teodorovici The Minister of Finance Signature and stamp
Subject	Empowerment of State representatives in the General Meeting of the Shareholders / Board of Administration, as applicable, in national companies and companies with full or majority State capital, as well as autonomous regies, to take the necessary measures for the allocation of a quota of at least 90% of the net profit obtained in 2017 as dividends / payments to the State budget

Art. 1 (1) (f) of Government Ordinance no. 64/2001 on the distribution of profits in national companies and companies with full or majority State capital as well as autonomous regies establishes the allocation of a share of 'at least 50% payments to the State or local budget in the case of autonomous regies, or dividends, in the case of national companies and companies with full or majority State capital'.

According to the applicable laws net profit distribution is approved by the General Meeting of the Shareholders, in the case of the companies, and by the Board of Administration, in the case of autonomous regies.

2018 State Budget Law 2/2018 foresees revenue from dividends / payments to the State budget representing 90% of the net profit for financial year 2017 of the national companies and companies with full or majority State capital, as well as autonomous regies.

We State that the non-approval of this Report will lead to a negative impact on State budget revenues of approximately 1.3 billion lei, with possible effects on the target of the budget deficit target of maximum 3% for year 2018.

In this regard, we propose:

- a) the empowerment of the State representatives in the General Meeting of the Shareholders / Board of Administration, as applicable, to decide on the allocation of a 90% share of the net profit obtained in 2017 as dividends / payments to the State budget at the approval of the financial statements of the relevant year.
- b) if the provisions of letter a) cannot be implemented due to legal provisions or from other justified reasons, the Government may approve by the Report the empowerment of the State representatives in the General Assembly of the Shareholders / Board of Administration, as applicable, to decide on the allocation of another share of the net profit, in compliance with the provisions of GO no. 64/2001.

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