

# Fondul Proprietatea – 2018 Annual Results Conference Call

15 February 2019



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The price of shares and income from them can go down as well as up and you may lose some or all of your capital invested. The previous results of a fund or company do not account for future performances. Currency fluctuations will affect the value of foreign investments. All investments are subject to certain risks. Generally, investments offering the potential for higher returns are accompanied by a higher degree of risk. Stocks and other equities representing an ownership interest in a corporation have historically outperformed other asset classes over the long term but tend to fluctuate more dramatically over the shorter term. Small or relatively new companies can be particularly sensitive to changing economic conditions due to factors such as relatively small revenues, limited product lines, and small market share. Smaller company stocks have historically exhibited greater price volatility than larger company stocks, particularly over the short term. The significant growth potential offered by Emerging Markets remains accompanied by heightened risks when compared to developed markets, including risks related to market and currency volatility, adverse social and political developments, and the relatively small size and lesser liquidity of these markets.

The Fund's headquarters are located at 78-80 Buzesti Street, 7th Floor, Bucharest, 1st District, 011017, Romania. Fund's Fiscal Identification Code is 18253260 and Trade Registry registration number is J40/21901/2005. The subscribed share capital is RON 4,733,020,898.32 and paid up share capital is RON 4,543,838,476.32.

Starting with 1 April 2016, in view of complying with the AIFMD, implemented in the Romanian legislation through Law no. 74/2015 on managers of alternative investment funds and Regulation no. 10/2015 on alternative investment fund management, Fondul Proprietatea SA, qualifying as an alternative investment fund, is managed by Franklin Templeton Investment Services S.À R.L. ("FTIS"), a société à responsabilité limitée qualifying as an alternative investment fund manager under Article 5 of the Luxembourg Law of 12 July 2013 on alternative investment fund managers, authorized by the Commission de Surveillance du Secteur Financier under no. A00000154/21 November 2013, whose registered office is located at 8A rue Albert Borschette, L-1246 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B 36.979, registered with the Romanian Financial Supervisory Authority ("FSA") under number PJM07.1AFIASMDLUX0037/10 March 2016.

This presentation herein is issued by Franklin Templeton Investment Management Limited ("FTIML"), registered with the FSA under no. PJM01SFIM/400005/14 September 2009, which is authorized and regulated in the UK by the Financial Conduct Authority, registered therein under the number 121779, registered as a foreign equivalent of an investment adviser with the US Securities Exchange Commission, acting through its Romanian branch having its registered office at Premium Point, 78-80 Buzesti Str., 7-8th floors, 1st. District, Bucharest, Romania.

FTIML acts herein as a delegate of FTIS with respect to the portfolio management functions as well as administration services over the Fund.



# Fund Information



# The Fund – Key Facts



## Fund Details<sup>1</sup>

	RON	USD
NAV	<b>9.88 bn</b>	<b>2.40 bn<sup>2</sup></b>
NAV/Share	<b>1.3692</b>	<b>0.3318<sup>2</sup></b>
Price/Share	<b>0.8050</b>	<b>0.1951<sup>2</sup></b>
Price/GDR	<b>40.44</b>	<b>9.80</b>
Market Capitalization as at 14 February 2019 <sup>3</sup>	<b>6.13 bn</b>	<b>1.46 bn<sup>3</sup></b>
Discount/Share as at 14 February 2019	<b>39.69%</b>	
Discount/GDR as at 14 February 2019	<b>40.56%</b>	
Number of Paid Shares less Treasury Shares <sup>4</sup>	<b>7,209,676,707</b>	
<b>Investment Objective</b>		
Dividend/Share proposal for FY 2018 <sup>5</sup>	<b>RON 0.0903</b>	
Dividend Yield for FY 2018 <sup>5</sup>	<b>10.62%</b>	
Maximization of returns to shareholders and increase of the net asset value per share via investments mainly in Romanian equities and equity-linked securities		

Source: BVB, FP Report as at 31 January 2019 report.

1. As at 31 January 2019. Based on local regulator methodology.

2. Computed using the NBR USD/RON FX rate as at 31 January 2019.

3. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 8 February 2019. Computed using the NBR USD/RON FX rate as at 14 February 2019.

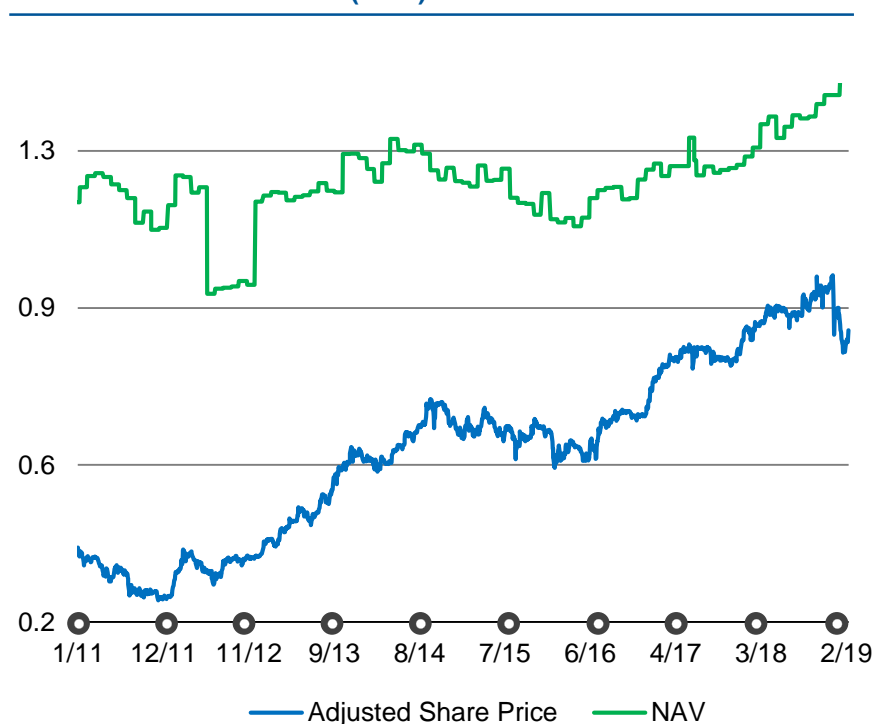
4. As at 8 February 2019.

5. Dividend proposal submitted for shareholders' approval during the 4 April 2019 Annual GSM. Dividend yield calculated based on the BVB share price as at 14 February 2019.

6. Source: Bloomberg, BVB, until 14 February 2019.



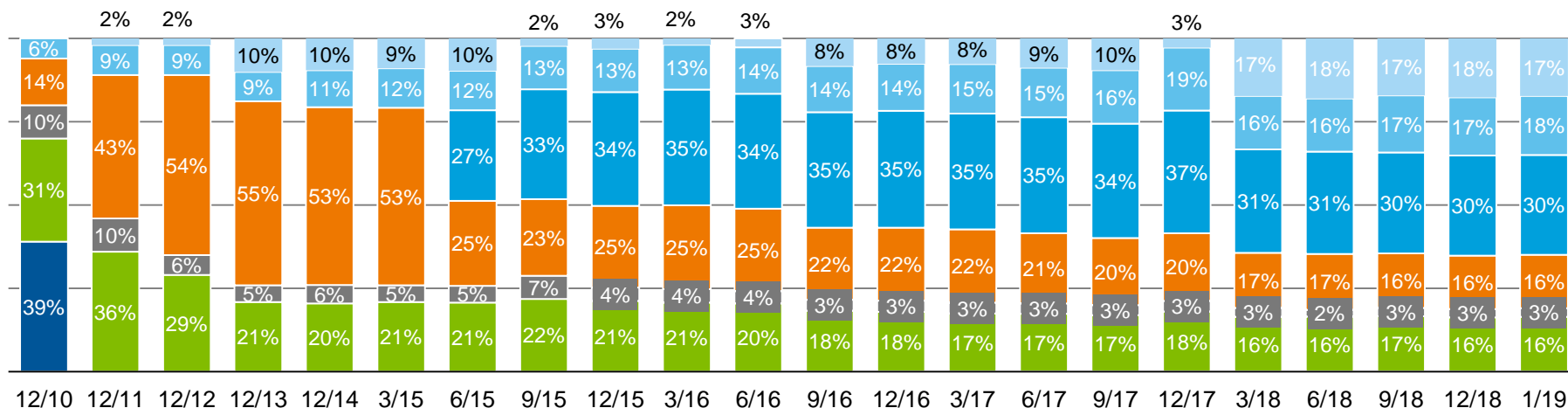
## FP Share Price<sup>6</sup> and NAV (RON)



# Shareholders Structure



## Evolution (% Held)



- Ministry of Public Finance
- Foreign Individuals
- The Bank of New York Mellon (depository bank for GDRs)
- Treasury Shares
- Romanian Individuals
- Foreign Institutional
- Romanian Institutionals



## Largest Shareholder<sup>1</sup>

Anchorage Capital Group	6.70%
NN Group	5.02%
Total Number of Shareholders <sup>2</sup>	6,292

1. Based on the total voting rights. Source: Ownership disclosures submitted by NN Group on 27 March 2017 and Anchorage Capital Group on 20 September 2018.

2. Shareholders structure as at 31 January 2019.

Note: Based on paid share capital starting 31 July 2011. Source: Central Depository.



# Independent Valuations of Unlisted Holdings as at 31 December 2018 (I)

Company	Value as at 29 November 2018 (RON mn)	Value as at 31 December 2018 (RON mn)	Impact of the independent valuation update on NAV (RON mn)	% Change
Hidroelectrica SA	3,531.0	4,276.0	745.0	21.1%
CN Aeroporturi Bucuresti SA	791.0	861.0	70.0	8.8%
E-Distributie Banat SA	545.0	472.0	(73.0)	(13.4)%
Engie Romania SA	472.0	445.0	(27.0)	(5.7)%
E-Distributie Muntenia SA	419.0	389.0	(30.0)	(7.2)%
E-Distributie Dobrogea SA	342.0	288.0	(54.0)	(15.8)%
Societatea Nationala a Sarii SA	258.0	250.0	(8.0)	(3.1)%
CN Administratia Porturilor Maritime SA	230.0	244.0	14.0	6.1%
ENEL Energie Muntenia SA	61.0	58.0	(3.0)	(4.9)%
ENEL Energie SA	57.0	44.0	(13.0)	(22.8)%
Zirom SA	26.8	27.1	0.3	1.1%
Aeroportul International Timisoara - Traian Vuia SA	22.0	20.0	(2.0)	(9.1)%
CN Administratia Canalelor Navigabile SA	16.0	14.6	(1.4)	(8.8)%

**Following the adoption on 21 December 2018 of the GEO 114, the valuation for Hidroelectrica SA was updated starting with the 31 January 2019 NAV, to RON 3,885.0 mn, down 9.1% compared to the 31 December 2018 NAV.**

# Independent Valuations of Unlisted Holdings as at 31 December 2018 (II)

Holding	Value as at 29 November 2018 (RON mn)	Value as at 31 December 2018 (RON mn)	Impact of the independent valuation update on NAV (RON mn)	% Change
Posta Romana SA	17.3	6.7	(10.6)	(61.3)%
CN Administratia Porturilor Dunarii Maritime SA	2.4	4.0	1.6	66.7%
Plafar SA	2.0	2.9	0.9	45.0%
CN Administratia Porturilor Dunarii Fluviale SA	3.7	1.7	(2.0)	(54.1)%
A.I. Mihail Kogalniceanu - Constanta SA	2.4	1.5	(0.9)	(37.5)%
Complexul Energetic Oltenia SA	32.0	0.0	(32.0)	(100.0)%
<b>Total</b>	<b>6,830.6</b>	<b>7,405.5</b>	<b>574.9</b>	<b>8.4%</b>

Source: FP 31 December 2018 NAV report.

# NAV, Share price and GDR Performance



## Cumulative Performance

	2011	2012	2013	2014	2015	2016	2017	2018	YTD <sup>1</sup>	Since Performance Inception <sup>1</sup>
NAV (RON)	(0.47)%	8.91%	13.29%	1.39%	(0.60)%	7.33%	13.10%	19.94%	(2.86)%	75.05%
Ordinary Share Price (RON)	(30.32)%	38.30%	61.34%	14.53%	(4.06)%	4.90%	21.46%	9.90%	(8.83)%	118.10%
GDR (USD)	N/A	N/A	N/A	N/A	N/A	1.15%	35.88%	(1.94)%	(6.67)%	15.09%



## Average Annual Discount

2011	2012	2013	2014	2015	2016	2017	2018	YTD <sup>2</sup>	Current Share Price Discount <sup>3</sup>	Current GDR Price Discount <sup>3</sup>
55.67%	50.09%	40.74%	30.87%	29.12%	32.08%	28.05%	29.54%	39.98%	39.69%	40.56%

Source: BVB, LSE, Bloomberg, FP NAV reports.

Note: The discount is calculated based on the latest published NAV available for the day of the calculation.

The Performance Inception date for the NAV is 31 December 2010, for the Share Price is 25 January 2011, and for the GDRs is 29 April 2015.

1. As at 31 January 2019.

2. For the period 3 January – 14 February 2019.

3. As at 14 February 2019.



# Attribution to NAV Performance for Q4 2018



## Top Performers

Company	Status	Weight in total NAV <sup>1</sup>	% Change in NAV performance for Q4 2018	% Change in share price/ NAV per share in Q4 2018
Hidroelectrica SA	Unlisted	41.8%	8.91%	21.1%
CN Aeroporturi Bucuresti SA	Unlisted	8.4%	1.01%	8.8%
Nuclearelectrica SA	Listed	1.7%	0.45%	7.7%
CN Administratia Porturilor Maritime SA	Unlisted	2.4%	0.14%	6.1%
Alro SA	Listed	2.2%	0.05%	2.3%



## Bottom Performers

Company	Status	Weight in total NAV <sup>1</sup>	% Change in NAV performance for Q4 2018	% Change in share price/ NAV per share in Q4 2018
OMV Petrom SA	Listed	16.6%	(3.63)%	(17.5)%
E-Distributie Banat SA	Unlisted	4.6%	(0.74)%	(13.4)%
E-Distributie Dobrogea SA	Unlisted	2.8%	(0.55)%	(15.8)%
BRD Groupe Societe Generale SA	Listed	1.9%	(0.36)%	(15.8)%
Complexul Energetic Oltenia SA	Unlisted	0.0%	(0.32)%	(100.0)%

**TOTAL NAV PER SHARE CHANGE Q4 2018**

**4.05%**

Note: The amounts are adjusted with the dividends declared by the companies, according with FP accounting policy.

1. FP NAV report as at 31 December 2018.

# Attribution to NAV Performance for 2018



## Top Performers

Company	Status	Weight in total NAV <sup>1</sup>	% Change in NAV performance for 2018	% Change in share price/ NAV per share in 2018
Hidroelectrica SA	Unlisted	41.8%	9.95%	19.9%
OMV Petrom SA	Listed	16.6%	1.68%	4.5%
CN Aeroporturi Bucuresti SA	Unlisted	8.4%	1.65%	11.2%
Nuclearelectrica SA	Listed	1.7%	0.71%	13.3%
Societatea Nationala a Sarii SA	Unlisted	2.4%	0.55%	7.3%



## Bottom Performers

Company	Status	Weight in total NAV <sup>1</sup>	% Change in NAV performance for 2018	% Change in share price/ NAV per share in 2018
E-Distributie Banat SA	Unlisted	4.6%	(0.61)%	(13.4)%
E-Distributie Dobrogea SA	Unlisted	2.8%	(0.46)%	(15.8)%
Complexul Energetic Oltenia SA	Unlisted	0.0%	(0.30)%	(100.0)%
E-Distributie Muntenia SA	Unlisted	3.8%	(0.28)%	(7.2)%
Posta Romana SA	Unlisted	0.1%	(0.26)%	(80.9)%

**TOTAL NAV PER SHARE CHANGE IN 2018**

**13.9%**

Note: The amounts are adjusted with the dividends declared by the companies, according with FP accounting policy.

1. FP NAV report as at 31 December 2018.

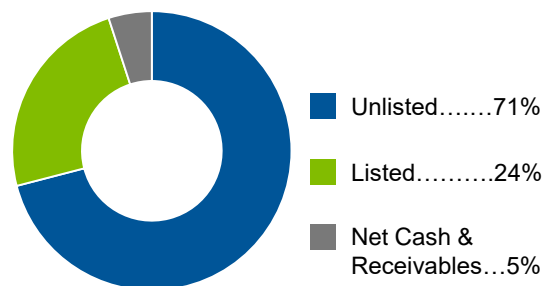
# Portfolio





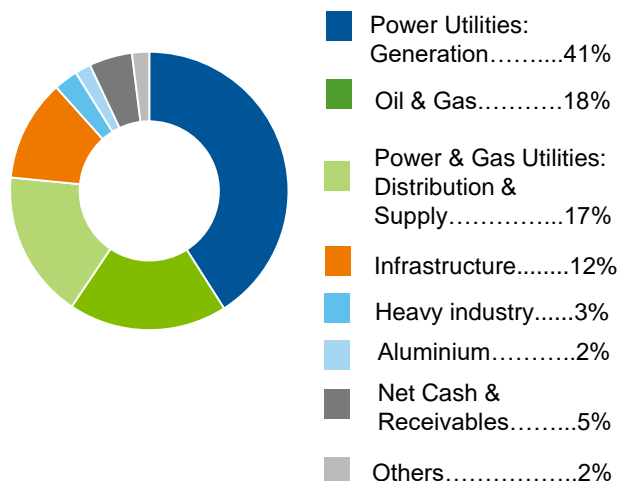
## Listed vs Unlisted

as at 31 January 2019 (% NAV)<sup>1</sup>



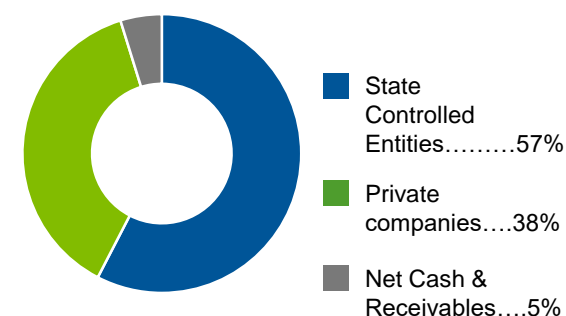
## By Sector

as at 31 January 2019 (% NAV)<sup>1</sup>



## By Controlling Ownership

as at 31 December 2018<sup>2</sup>



- As at 31 January 2019, the portfolio included stakes in 35 companies (8 listed and 27 unlisted)
- Net cash and receivables position as at 31 January 2019 was USD 119.9 mn.
- The Fund Manager contracted a revolving credit facility for a maximum amount of RON 400 mn<sup>3</sup> from BRD - Groupe Societe Generale SA. The purpose of this credit facility is for general corporate and operational use, including buybacks of own shares, distributions to shareholders, but excluding investments. The credit facility is available until June 2020.

1. Source: FP 31 January 2019 Factsheet.

2. FP 31 December 2018 Detailed statement of Investments.

3. Maximum committed amount of RON 400 million, plus the possibility to access, at any given time, an additional amount of RON 200 million, subject to the Bank's approval and in accordance with the provisions of the Credit Facility, without exceeding RON 600 mn in total.



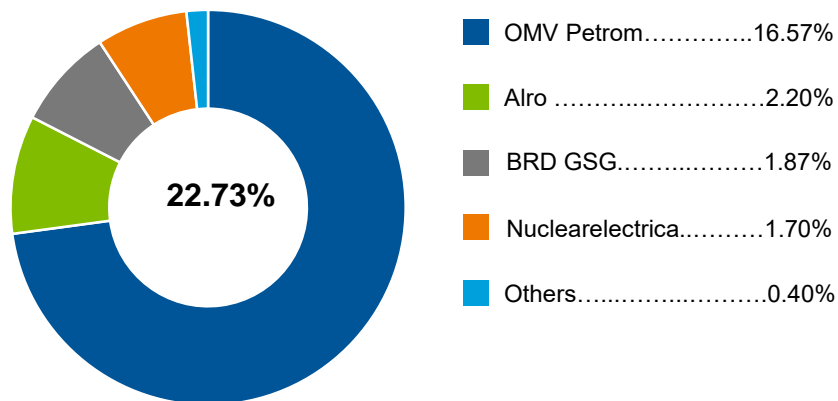
FRANKLIN TEMPLETON  
INVESTMENTS

# Portfolio Structure – Listed vs. Unlisted



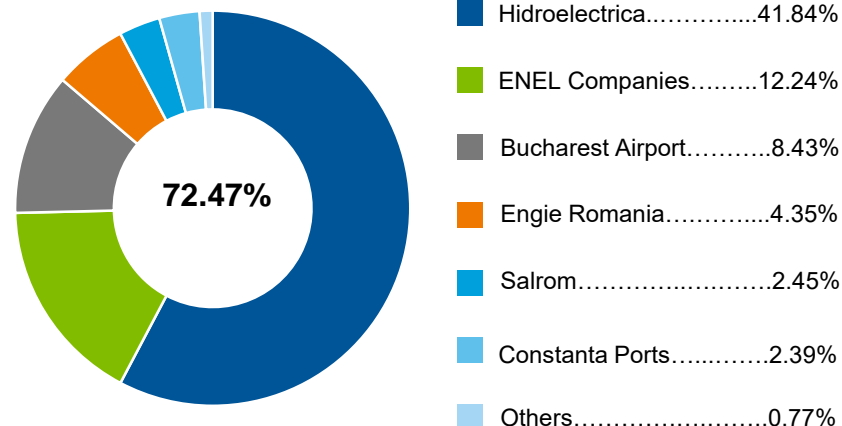
## Listed Companies

(% of NAV as at 31 December 2018)



## Unlisted Companies

(% of NAV as at 31 December 2018)



Source: FP 31 December 2018 Detailed statement of Investments.

# Largest Holdings by NAV

Portfolio Company	Status	Majority Shareholder	% Stake <sup>1</sup>	NAV as at 31 January 2019 (USD mn)	% in NAV as at 31 January 2019
Hidroelectrica SA	Unlisted	Romanian State	19.9%	941.48	<b>39.30</b>
OMV Petrom SA	Listed	OMV	9.9%	441.94	<b>18.45</b>
CN Aeroporturi Bucuresti SA	Unlisted	Romanian State	20.0%	208.65	<b>8.71</b>
E-Distributie Banat SA	Unlisted	Enel Group	24.1%	114.38	<b>4.78</b>
Engie Romania SA	Unlisted	Engie	12.0%	107.84	<b>4.50</b>
E-Distributie Muntenia SA	Unlisted	Enel Group	12.0%	94.27	<b>3.94</b>
E-Distributie Dobrogea SA	Unlisted	Enel Group	24.1%	69.79	<b>2.91</b>
SN a Sarii Salrom SA	Unlisted	Romanian State	49.0%	60.58	<b>2.53</b>
CN Administratia Porturilor Maritime SA	Unlisted	Romanian State	20.0%	59.13	<b>2.47</b>
Alro SA	Listed	Vimetco N.V.	10.2%	43.98	<b>1.84</b>
<b>Top 10 Portfolio Holdings</b>				<b>2,142.04</b>	<b>89.43</b>
<b>NAV</b>				<b>2,395.43</b>	<b>100.00</b>
<b>NAV Per Share (USD)</b>				<b>0.3318</b>	

Note: Values in USD calculated using the USD/RON FX rate as at 31 January 2019.

Source: FP 31 January 2019 Factsheet.

1. Based on the FP 31 December 2018 Detailed Statement of Investments.

# Top Portfolio Holdings – 2018 financials

Company	EBITDA (RON mn)			Net profit (RON mn)		
	2017	2018	%yoy	2017	2018	%yoy
Hidroelectrica SA	2,258.8	3,049.3	35.0%	1,359.7	1,548.9	13.9%
OMV Petrom SA	6,615.7	8,393.1	26.9%	2,489.3	4,077.8	63.8%
BRD Groupe Societe Generale SA	-	-	-	1,414.6	1,564.7	10.6%
SN a Sarii SA Salrom	127.8	136.7	7.0%	86.4	104.8	21.3%
<b>Total</b>	<b>9,002.3</b>	<b>11,579.1</b>	<b>28.6%</b>	<b>5,350.0</b>	<b>7,296.2</b>	<b>36.4%</b>
<b>Weighted Total</b>	<b>1,174.6</b>	<b>1,514.3</b>	<b>28.9%</b>	<b>596.3</b>	<b>805.5</b>	<b>35.1%</b>

Source: OMV Petrom and BRD GSG 2018 preliminary financial statements, Hidroelectrica and Salrom preliminary figures presented by the management.  
Note: EBITDA is calculated as Operational result + Depreciation and Amortization.

## Dividends:

- On 19 December 2018, the company's shareholders approved a RON 687 mn special dividend distribution
- FP received RON 137 mn

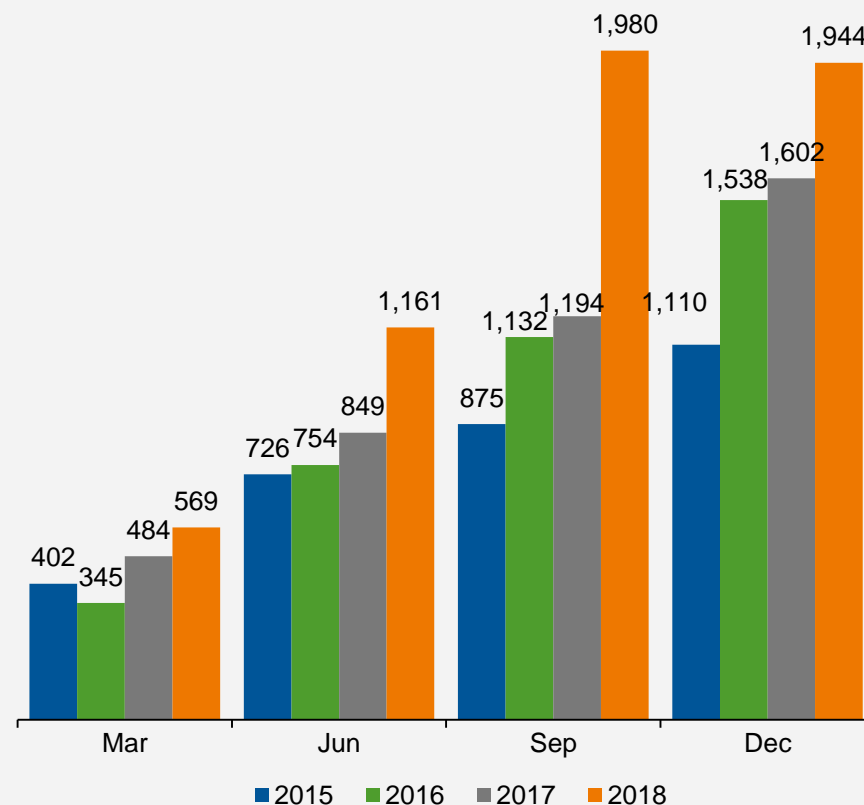
## 2018 Financials:

- Preliminary unaudited net profit increased by 14% to RON 1.55 billion in 2018 compared to 2017. Net profit was impacted by provisions for cancelled non-core investments totaling RON 477 million
- Turnover increased to RON 4.25 billion, compared to RON 3.25 bn in 2017, whereas production increased by over 22%, to 16.9 TWh
- The company had total cash of RON 2.55 billion at the end of 2018

## Corporate Governance:

- The company's shareholders approved during the GSM held on 5 February 2019, a 7 member Board, with a 4-year mandate
- FP retains one board seat
- The selection of the Board members was conducted by the Ministry of Energy according to the provisions of Law's 111/2016

## Pre-tax Cumulated Profit (RON mn)



Source: Hidroelectrica 2009 – 2017 Annual reports and financial statements, Hidroelectrica monthly press releases, reports, and presentations, press articles.



31 December 2018 NAV

RON 4,276.0 mn

31 January 2019 NAV

RON 3,885.0 mn

## Valuation methodology

**The adjustments to the valuation were realized based on a probabilistic three scenarios analysis, having as main parameters:**

- EV/ EBITDA multiple (established based on an international peer-group) as of 30 September 2018, applied to a normalized level of the EBITDA
- Net cash position as of September 2018 was adjusted for the special dividend approved in December 2018
- An additional discount for lack of marketability has been applied to estimate the value of the Fund's minority stake
- The market multiples valuation results have been crosschecked using a DCF model
- The volume of electricity sold on the regulated market: for the January 2020 – February 2022 period, the 65% mentioned in the ANRE's Order 10/2019, has been applied to a prudent level of expected production
- Price on the regulated market: computed based on the methodology as announced by ANRE and using Hidroelectrica's cost base. Limited increases over the 3 year horizon have been assumed to account for increased cost of production
- Price for the competitive market: depending on the scenario, some increases of the realized market prices were assumed compared to the initial case
- Also, it is assumed that the provisions of the ordinance regarding electricity generators will expire as stated by the OUG, starting with March 2022



## 2018 results<sup>1</sup>

- Sales increased to RON 22.5 bn in 2018, around 16% compared to 2017, on the back of higher oil prices and higher electricity sales volumes, lower production costs and exploration expenses
- Operating profit increased to RON 5.2 bn, over 59% higher compared to 2017, while the net profit increased to RON 4.1 bn, over 63% higher compared to the previous year
- **The company announced that it is revising its growth investment plans, as a direct result of the instability of the legal framework, with a focus on the recent fiscal changes. Average daily production is expected to decline by c. 5% in 2019**



## Black Sea Exploration Update

- **The company announced that the current legislative environment does not provide the necessary prerequisites for a multi-billion dollar investment decision, but dialogue with the authorities will continue**

Source: Group's quarterly historical IFRS figures presentation from OMV Petrom's website, company's 2018 Preliminary results presentation.

# Key events with impact on the Fund's portfolio




On 18 December 2018, the Minister of Public Finance published on its website a fiscal package to be passed through Emergency Government Ordinance (“OUG”), targeting the electricity, gas, telecom, banking and private pension fund sectors. The main provisions of OUG approved on 21 December 2018, with an impact on the Fund's NAV are as follows:

- 2% Tax on turnover for companies in the electricity and gas sectors (versus 3% Tax on the electricity sector in the initial draft)
- Capping gas prices for households at RON 68 MW/h until February 2022 and for industrial consumers at a mix between RON 68 MW/h, import price, and storage cost
- Capping electricity prices for households and small enterprises (with less than 50 employees and revenues less than EUR 50 million) at a price to be set by the regulator (“ANRE”)
- Asset tax on banks: a progressive tax rate linked to the 3-month and 6-month quarterly ROBOR average
- Changes to the Pillar II Pension Funds:
  - option to transfer from Pillar II to Pillar I after at least 5 years of contributions to Pillar II
  - the reduction of the contribution fee from 2.5% to 1%
  - higher capital requirements for the Pillar II Pension Fund managers

# Corporate Actions



 The Investment Manager's proposal for the dividend distribution for the 2018 financial year to be approved in the General Shareholders' Meeting on 4 April 2019 is as follows:

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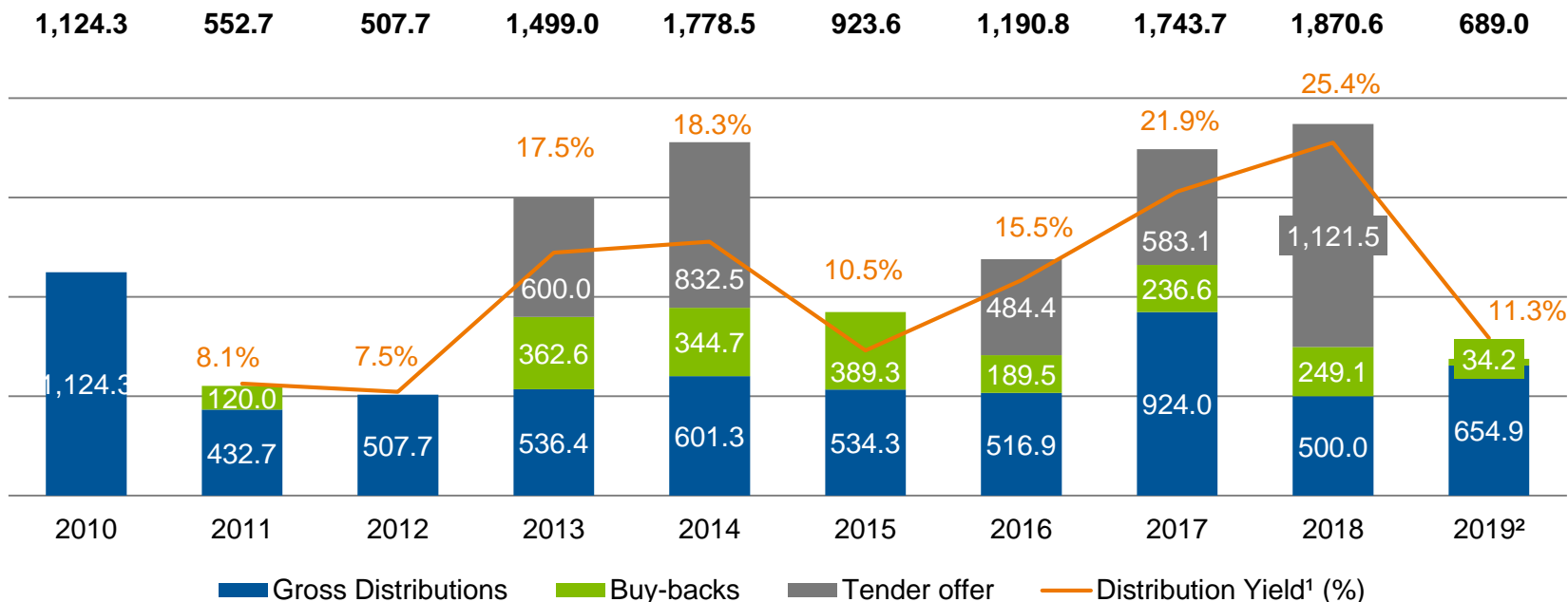
- RON 654.85 million gross dividend distribution
- RON 0.0903 dividend per share (implying a yield of 10.62% based on the market price as at 14 February 2019)
- 7 June 2019 Ex-date
- 10 June 2019 Registration Date
- 1 July 2019 Payment date.

Source: 4 April 2019 FP Annual GSM calling notice, BVB and Fund Manager calculations.

# Distributions to shareholders



## Annual Distributions to Shareholders (RON mn)



The total distributions through buy-backs and cash would amount to RON 11.88 bn/USD 3.26 bn<sup>3</sup>

Note: Values exclude related acquisition fees. USD values based on the NBR average USD/RON FX for each year. For 2019, average USD/RON FX as at 14 February.

1. Based on the total annual distributions through buy-backs and cash, based on the average closing share price on BVB for the respective year and the average number of paid shares, excluding Treasury shares. For 2019, average closing share price as at 14 February.

2. Source: Buy-backs as at 8 February, and Gross dividend distribution submitted for shareholders' approval during the 4 April 2019 Annual GSM.

3. As at 8 February 2019, based on the USD/RON FX as at 14 February.

# Buy-back programs

Program	Period	Status	No. of shares to be repurchased/ % of the Fund's issued share capital	Average share price (RON/share)	Broker	Cancellation of shares <sup>1</sup>
Ninth	14 Nov 2017 – 31 Dec 2018	Finalized	1,488.0 mn/16.3%	0.9319	Wood & Co., Jefferies Internat.	Cancellation of shares on the agenda of the 4 April 2019 Annual GSM
Tenth	1 Jan – 31 Dec 2019	Ongoing	750 mn/8.2%	0.8436 <sup>2</sup>	Auerbach Grayson, BCR	The cancellation of shares will be subject to shareholders' approval in 2020

1. To be effective, the FSA endorsement is legally required, and the shareholders' resolution for the share capital decrease needs to be registered with the Trade Register.

2. As at 8 February 2019. Estimated value based on the 40,481,640 shares repurchased (32,197,540 ordinary shares and 8,284,100 equivalent shares of the GDRs repurchased).

# Annual dividend income – Top 10 portfolio companies

Top 10 Holdings <sup>1</sup>	Dividend Payout (%)						FP Net Dividend (RON mn)					
	2012	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2018
Hydroelectrica SA	-	-	80	80	90	90	-	-	128.9	134.6	206.6	226.2
OMV Petrom SA	40	36	35	-	94	46	319.0	331.4	120.5	-	106.8	107.6
CN Aeroporturi Bucuresti SA	85	85	50	75	90	90	9.1	12.3	10.2	27.4	41.2	61.2
E-Distributie Banat SA	-	-	50	44	40	39	-	-	20.7	16.8	8.9	7.7
Engie Romania SA	50	60	51	-	30	50	22.8	33.6	24.0	-	13.3	20.2
E-Distributie Muntenia SA	-	-	-	-	-	-	-	-	-	-	-	-
E-Distributie Dobrogea SA	-	-	50	44	37	36	-	-	10.5	12.0	6.6	4.3
SN a Sarii Salrom SA	92	85	85	-	90	100	9.3	19.8	10.2	-	13.8	42.3
CN Administratia Porturilor Maritime SA	75	78	50	75	90	25	5.4	10.1	6.5	14.1	11.0	4.1
Alro SA	-	-	-	-	100	100	-	-	-	-	6.9	39.0
<b>Total Top 10 Holdings (RON mn)</b>							<b>365.6</b>	<b>407.2</b>	<b>331.5</b>	<b>204.9</b>	<b>281.2</b>	<b>512.6</b>

Note: Calculations based on the companies' annual financial statements. Dividends are distributed based on individual financial statements.

1. Source: 31 January 2019 Factsheet.



# Total dividend income from portfolio companies

	FP Net Dividend (RON mn)					
	2013	2014	2015	2016	2017	2018
Total Dividends from Listed Companies (RON mn)	373.9	538.6	251.5	36.0	148.1	199.6
Total Dividends from Unlisted Companies (RON mn)	275.8 <sup>2</sup>	143.5	315.9	315.2	404.5	366.9
Total Annual Dividend Income (RON mn)	649.7	682.1	567.4	351.2	552.6	566.5
Total Special Dividend Income (RON mn)	-	-	-	-	185.2	199.5
<b>Total Dividends (RON mn)</b>	<b>649.7</b>	<b>682.1</b>	<b>567.4</b>	<b>351.2</b>	<b>737.8</b>	<b>766.0</b>
Total Annual Dividend Income per Share (RON) <sup>1</sup>	0.04954	0.05674	0.05310	0.0331	0.0750	0.0786
Total Special Dividend Income per Share (RON) <sup>1</sup>	-	-	-	-	0.0251	0.0277
<b>Dividend/Distribution per Share (RON)</b>	<b>0.05000</b>	<b>0.05000</b>	<b>0.05000</b>	<b>0.05000</b>	<b>0.0678</b>	<b>0.0903<sup>8</sup></b>
Share Price (RON)	0.7640 <sup>3</sup>	0.8130 <sup>4</sup>	0.7200 <sup>5</sup>	0.9180 <sup>6</sup>	0.8990 <sup>7</sup>	0.8500 <sup>9</sup>
Yield	6.54%	5.84%	6.94%	8.76%	7.54%	10.62% <sup>9</sup>
Yield for Romanian companies (BET)	5.10%	3.50%	4.56%	7.07%	8.59%	

1. Calculation based on the number of paid shares at the registration date for each year excluding treasury shares at the same date. For 2018, the calculation is based on the number of paid shares excluding treasury shares acquired as at 8 February 2019.

2. Includes dividends from Romgaz and Nuclearelectrica, which were unlisted at that time.

3. As at 30 April 2014.

4. As at 29 May 2015.

5. As at 9 June 2016.

6. As at 6 June 2017.

7. As at 11 June 2018.

8. Submitted for shareholders approval during the Annual GSM to be held on 4 April 2019.

9. As at 14 February 2019.

# Investor relations – Upcoming events



More information about the Fund can be found on the website [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro)



## EGM agenda:

- The approval of several amendments to the Constitutive Act for implementing the latest changes in legislation and Brexit implementation;

- The cancellation of 1,487,992,569 own shares acquired by Fondul Proprietatea during the ninth buy-back programme and the decrease of the subscribed share capital from RON 4,733,020,898.32 to RON 3,959,264,762.44



## OGM agenda:

- Presentation of the Performance Report prepared by the Fund Manager

- Board of Nominees' presentation of the Review Report and the Board of Nominees' annual report for 2018

- The approval of the annual report of the Fund Manager

- The approval of the net profit allocation registered for the financial year 2018, and the approval of the value of the gross dividend of RON 0.0903 per share

- The approval to cover the negative reserves incurred in the 2018 financial year derived from the cancellation of treasury shares

# Financial results



# Statement of Financial Position

RON mn	31 December 2018 Audited	31 December 2017 Audited
Cash and current accounts	19.6	19.2
Deposits with banks	187.1	1,276.7
Treasury bills	49.6	46.3
Government bonds	131.6	195.9
Dividend receivables	137.0	-
Equity investments	9,337.4	9,278.2
Other assets	1.5	10.7
<b>Total assets</b>	<b>9,863.8</b>	<b>10,827.0</b>
Payables	14.8	15.2
Other liabilities	20.6	21.6
<b>Total liabilities</b>	<b>35.4</b>	<b>36.8</b>
Total equity	9,828.4	10,790.2
<b>Total liabilities and equity</b>	<b>9,863.8</b>	<b>10,827.0</b>

Source: FP Annual Sole Director's Report 2018.

# Statement of Comprehensive Income

RON mn	2018 Audited	2017 Audited
Gross dividend income	776.2	740.4
Net unrealised gain/ (loss) from equity investments at fair value through profit or loss	225.3	222.8
Interest income	9.8	11.9
Net realised gain/ (loss) from equity investments at fair value through profit or loss	4.5	(1.4)
Reversal of impairment losses on receivables, net	0.2	36.4
Net realised gain/ (loss) from disposal of non-current assets held for sale	-	330.6
Net realised gain on disposal of equity investments classified as available for sale	-	38.5
Impairment losses on equity investments classified as available for sale	-	(8.0)
Other income/ (expenses), net <sup>1</sup>	2.9	0.9
<b>Net operating income</b>	<b>1,018.9</b>	<b>1,372.1</b>
Administration fees recognised in profit or loss	(46.8)	(63.0)
Other operating expenses	(26.5)	(34.5)
<b>Operating expenses</b>	<b>(73.3)</b>	<b>(97.5)</b>
Finance costs	(0.3)	(0.2)
<b>Profit before income tax</b>	<b>945.3</b>	<b>1,274.4</b>
Income tax expense	(10.2)	15.5
<b>Profit for the year</b>	<b>935.1</b>	<b>1,289.9</b>
Other comprehensive income	-	(85.4)
<b>Total comprehensive income for the year</b>	<b>935.1</b>	<b>1,204.5</b>

Source: FP Annual Sole Director's Report 2018.

1. Other items of income/ (expense), net included mainly the net gain/ (loss) from revaluation of government securities through profit or loss, net foreign exchange gain / (loss) and other operating income/ (expenses).

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# FRANKLIN TEMPLETON INVESTMENTS