

# Fondul Proprietatea – 2019 Annual Results Conference Call

28 February 2020



# Fund Information



# The Fund – Key Facts



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

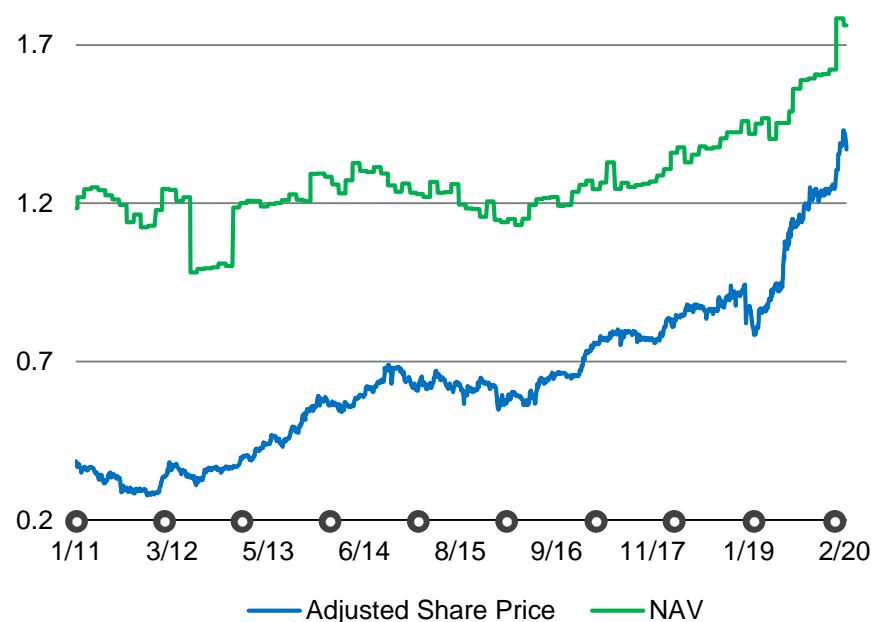
|   | RON                  | USD                        |
|---|----------------------|----------------------------|
| NAV   | <b>11.72 bn</b>      | <b>2.71 bn<sup>2</sup></b> |
| NAV/Share   | <b>1.7113</b>        | <b>0.3951<sup>2</sup></b>  |
| Price/Share   | <b>1.3400</b>        | <b>0.3094<sup>2</sup></b>  |
| Price/GDR   | <b>64.96</b>         | <b>15.00</b>               |
| Market Capitalization as at 27 February 2020 <sup>3</sup> | <b>9.04 bn</b>       | <b>2.06 bn<sup>3</sup></b> |
| Discount/Share as at 27 February 2020                     | <b>22.87%</b>        |                            |
| Discount/GDR as at 27 February 2020                       | <b>24.02%</b>        |                            |
| Number of Paid Shares less Treasury Shares <sup>4</sup>   | <b>6,846,345,904</b> |                            |

## Investment Objective

Maximization of returns to shareholders and increase of the net asset value per share via investments mainly in Romanian equities and equity-linked securities



## FP Share Price<sup>5</sup> and NAV (RON)



Source: BVB, FP January 2020 Factsheet.

1. As at 31 January 2020. Based on local regulator methodology.

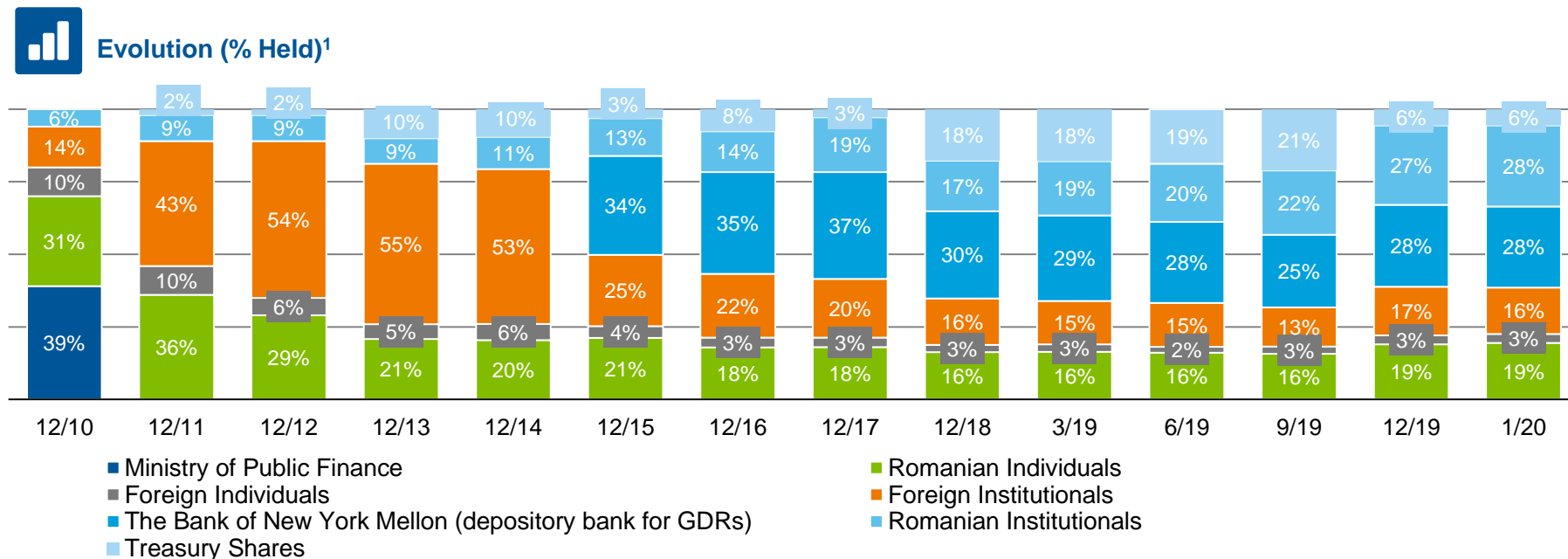
2. Computed using the NBR USD/RON FX rate as at 31 January 2020.

3. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 31 December 2019. Computed using the NBR USD/RON FX rate as at 27 February 2020.

4. As at 31 December 2019.

5. Source: Fund manager NAV reports, Bloomberg, and BVB, until 27 February 2020.

# Shareholders Structure



- All treasury shares repurchased by the Fund are being cancelled on a regularly basis.

**Largest Shareholders<sup>2</sup>**

|   |       |
|---|-------|
| Anchorage Capital Group                   | 6.70% |
| Allianz-Tiriatic Private Pension Funds    | 5.05% |
| NN Group                                  | 5.02% |
| Total Number of Shareholders <sup>3</sup> | 7,438 |

1. Note: Based on the paid share capital starting December 2011. Source: FP shareholder structure reports.

2. Note: Based on the total voting rights. Source: Ownership disclosures submitted by NN Group on 27 March 2017, Anchorage Capital Group on 20 September 2018, and Allianz-Tiriatic Private Pension Funds on 1 July 2019.

3. Source: FP shareholder structure as at 31 January 2020.

# Unlisted holdings updated valuations as at 31 December 2019

| Company   | Value as at<br>29 November 2019<br>(RON mn) | Value as at<br>31 December 2019<br>(RON mn) | Impact of the independent<br>valuation update on NAV<br>(RON mn) | % Change      |
|---|---|---|--|---------------|
| Hidroelectrica  | 4,144.00                                    | 4,886.50                                    | 742.50   | 17.92%        |
| Bucharest Airports                                    | 912.00                                      | 1,022.90                                    | 110.90   | 12.16%        |
| E-Distributie Banat                                   | 515.40                                      | 519.30                                      | 3.90   | 0.76%         |
| Engie Romania   | 489.00                                      | 512.40                                      | 23.40  | 4.79%         |
| E-Distributie Muntenia                                | 424.90                                      | 428.50                                      | 3.60   | 0.85%         |
| E-Distributie Dobrogea                                | 326.30                                      | 321.50                                      | (4.80)   | (1.47)%       |
| Salrom  | 272.80                                      | 275.40                                      | 2.60   | 0.95%         |
| Constanta Port  | 244.00                                      | 248.70                                      | 4.70   | 1.93%         |
| ENEL Energie  | 44.00                                       | 26.30                                       | (17.70)  | (40.23)%      |
| ENEL Energie Muntenia                                 | 58.00                                       | 41.70                                       | (16.30)  | (28.10)%      |
| Posta Romana  | 6.70  | 11.50                                       | 4.80   | 71.63%        |
| Zirom   | 29.15                                       | 31.71                                       | 2.55   | 8.75%         |
| Timisoara International Airport - Traian Vuia         | 20.00                                       | 13.90                                       | (6.10)   | (30.50)%      |
| Plafar  | 2.92  | 1.67  | (1.24)   | (42.57)%      |
| Constanta International Airport - Mihail Kogalniceanu | 1.47  | 1.39  | (0.07)   | (4.99)%       |
| Complexul Energetic Oltenia                           | 0.00  | 0.00  | 0.00   | -             |
| CN Administratia Canalelor Navigabile                 | 14.60                                       | 14.90                                       | 0.30   | 2.03%         |
| CN Administratia Porturilor Dunarii Fluviale          | 1.75  | 1.68  | (0.07)   | (3.90)%       |
| CN Administratia Porturilor Dunarii Maritime          | 4.02  | 4.24  | 0.23   | 5.69%         |
| <b>TOTAL</b>  | <b>7,511.01</b>                             | <b>8,364.19</b>                             | <b>853.2</b>   | <b>11.36%</b> |

Note: Valuation updates in accordance with the International Valuation Standards were prepared for 19 unlisted holdings with the assistance of KPMG Advisory and Darian DRS (independent valuers).  
Source: FP 31 December 2019 NAV report.

# NAV, Share price and GDR Performance



## Cumulative Performance

|                            | 2011     | 2012   | 2013   | 2014   | 2015    | 2016  | 2017   | 2018    | 2019   | YTD     | Since Performance Inception <sup>1</sup> |
|----------------------------|----------|--------|--------|--------|---------|-------|--------|---------|--------|---------|--|
| NAV (RON)                  | (0.47)%  | 8.91%  | 13.29% | 1.39%  | (0.60)% | 7.33% | 13.10% | 19.94%  | 31.23% | (1.30)% | 133.39%                                  |
| Ordinary Share Price (RON) | (30.32)% | 38.30% | 61.34% | 14.53% | (4.06)% | 4.90% | 21.46% | 9.90%   | 49.05% | 10.74%  | 294.87%                                  |
| GDR (USD)                  | N/A      | N/A    | N/A    | N/A    | N/A     | 1.15% | 35.88% | (1.94)% | 41.41% | 9.49%   | 90.93%                                   |



## Average Annual Discount

| 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 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% | 29.38% | 23.25%           | 22.87%                                    | 24.02%                                  |

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 2020.

2. For the period 3 – 27 February 2020.

3. As at 27 February 2020.

# Attribution to NAV Performance for Q4 2019



## Top Performers

| Company            | Status   | Weight in total NAV <sup>1</sup> | % Change in NAV performance for Q4 2019 | % Change in share price/ NAV per share in Q4 2019 |
|--------------------|----------|----------------------------------|---|---|
| Hidroelectrica     | Unlisted | 41.2%                            | 8.77%                                   | 17.9%   |
| OMV Petrom         | Listed   | 21.3%                            | 1.29%                                   | 5.8%  |
| Bucharest Airports | Unlisted | 8.6%                             | 1.12%                                   | 12.2%   |
| Engie Romania      | Unlisted | 4.3%                             | 0.22%                                   | 4.8%  |
| Nuclearelectrica   | Listed   | 2.6%                             | 0.19%                                   | 7.1%  |



## Bottom Performers

| Company                                       | Status   | Weight in total NAV <sup>1</sup> | % Change in NAV performance for Q4 2019 | % Change in share price/ NAV per share in Q4 2019 |
|---|----------|----------------------------------|---|---|
| ENEL Energie                                  | Unlisted | 0.2%                             | (0.16)%                                 | (40.2)%   |
| ENEL Energie Muntenia                         | Unlisted | 0.4%                             | (0.15)%                                 | (28.1)%   |
| Timisoara International Airport - Traian Vuia | Unlisted | 0.1%                             | (0.06)%                                 | (30.5)%   |
| E-Distributie Dobrogea                        | Unlisted | 2.7%                             | (0.04)%                                 | (1.5)%  |
| Alro  | Listed   | 1.4%                             | (0.04)%                                 | (2.5)%  |

**TOTAL NAV PER SHARE CHANGE Q4 2019**

**11.36%**

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 2019.

# Attribution to NAV Performance for 2019



## Top Performers

| Company            | Status   | Weight in total NAV <sup>1</sup> | % Change in NAV performance for 2019 | % Change in share price/ NAV per share in 2019 |
|--------------------|----------|----------------------------------|--------------------------------------|--|
| Hidroelectrica     | Unlisted | 41.2%                            | 11.44%                               | 14.3%  |
| OMV Petrom         | Listed   | 21.3%                            | 9.62%                                | 49.5%  |
| Bucharest Airports | Unlisted | 8.6%                             | 2.39%                                | 18.8%  |
| Nuclearelectrica   | Listed   | 2.6%                             | 1.52%                                | 74.8%  |
| Engie Romania      | Unlisted | 4.3%                             | 0.82%                                | 15.1%  |



## Bottom Performers

| Company                                       | Status   | Weight in total NAV <sup>1</sup> | % Change in NAV performance for 2019 | % Change in share price/ NAV per share in 2019 |
|---|----------|----------------------------------|--------------------------------------|--|
| Alro  | Listed   | 1.4%                             | (0.20)%                              | (24.0)%  |
| ENEL Energie                                  | Unlisted | 0.2%                             | (0.17)%                              | (40.2)%  |
| ENEL Energie Muntenia SA                      | Unlisted | 0.4%                             | (0.16)%                              | (28.1)%  |
| Timisoara International Airport - Traian Vuia | Unlisted | 0.1%                             | (0.05)%                              | (30.5)%  |
| Plafar  | Unlisted | 0.0%                             | (0.01)%                              | (42.6)%  |

**TOTAL NAV PER SHARE CHANGE IN 2019**

**23.0%**

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 2019.



# Portfolio

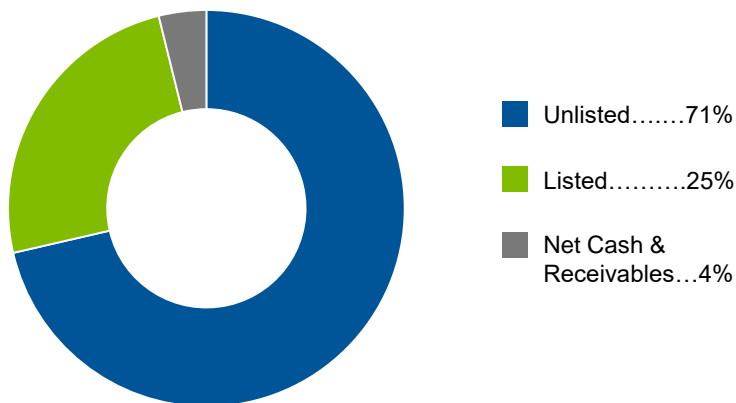


# Portfolio Structure



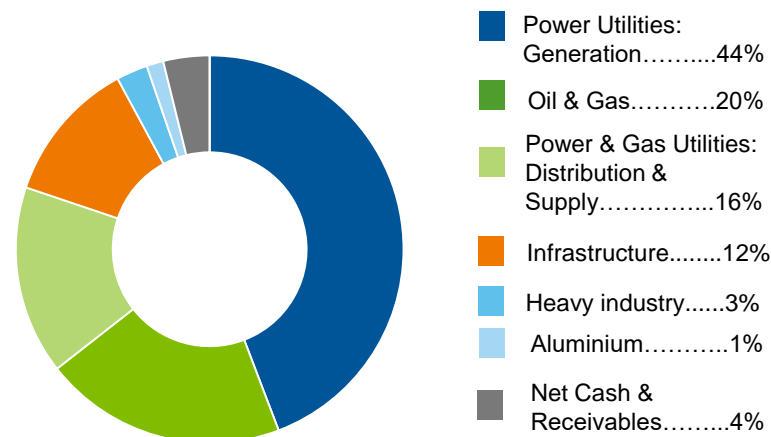
## Listed vs Unlisted

as at 31 January 2020 (% NAV)<sup>1</sup>



## By Sector

as at 31 January 2020 (% NAV)<sup>1</sup>



- As at 31 January 2020, the portfolio included stakes in 33 companies (7 listed and 26 unlisted)
- Net cash and receivables position as at 31 January 2020 was USD 104.72 mn.

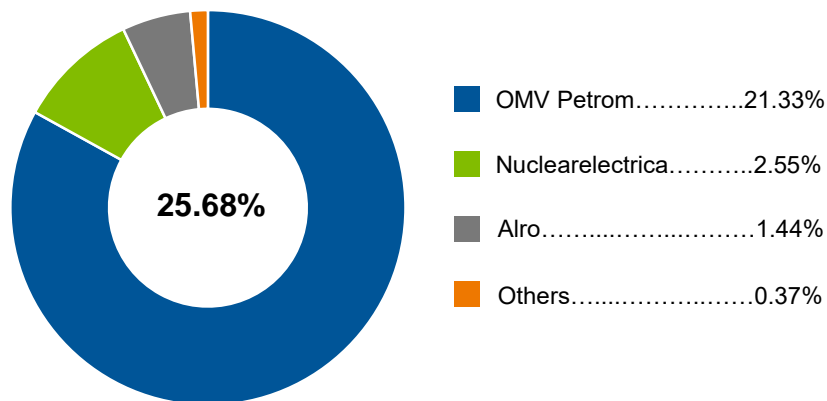
<sup>1</sup>. Source: FP January 2020 Factsheet.

# Portfolio Structure – Listed vs. Unlisted



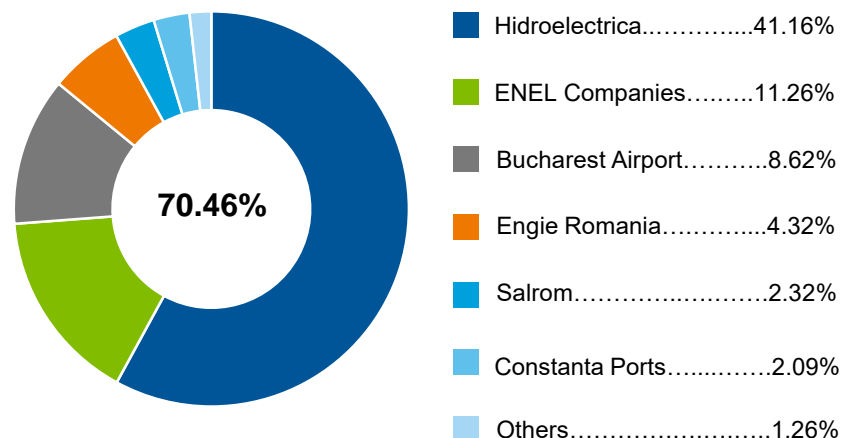
## Listed Companies

(% of NAV as at 31 December 2019)



## Unlisted Companies

(% of NAV as at 31 December 2019)



Source: FP 31 December 2019 Detailed Statement of Investments.

# Largest Holdings by NAV

| Portfolio Company                | Status   | Majority Shareholder | % Stake <sup>1</sup> | NAV as at<br>31 January 2020<br>(USD mn) | % in NAV<br>as at<br>31 January 2020 |
|----------------------------------|----------|----------------------|----------------------|--|--------------------------------------|
| Hidroelectrica                   | Unlisted | Romanian State       | 19.9%                | 1,128.29                                 | 41.71%                               |
| OMV Petrom                       | Listed   | OMV                  | 9.9%                 | 549.24                                   | 20.30%                               |
| Bucharest Airports               | Unlisted | Romanian State       | 20.0%                | 236.19                                   | 8.73%                                |
| E-Distributie Banat              | Unlisted | Enel Group           | 24.1%                | 119.91                                   | 4.43%                                |
| Engie Romania                    | Unlisted | Engie                | 12.0%                | 118.31                                   | 4.37%                                |
| E-Distributie Muntenia           | Unlisted | Enel Group           | 12.0%                | 98.94                                    | 3.66%                                |
| E-Distributie Dobrogea           | Unlisted | Enel Group           | 24.1%                | 74.23                                    | 2.74%                                |
| Nuclearelectrica                 | Listed   | Romanian State       | 7.1%                 | 71.80                                    | 2.65%                                |
| Salrom                           | Unlisted | Romanian State       | 49.0%                | 63.59                                    | 2.35%                                |
| Constanta Port                   | Unlisted | Romanian State       | 20.0%                | 57.42                                    | 2.12%                                |
| <b>Top 10 Portfolio Holdings</b> |          |                      |                      | <b>2,517.91</b>                          | <b>93.06%</b>                        |
| <b>NAV</b>                       |          |                      |                      | <b>2,705.29</b>                          | <b>100.00</b>                        |
| <b>NAV Per Share (USD)</b>       |          |                      |                      | <b>0.3951</b>                            |                                      |

Note: Values in USD calculated using the USD/RON FX rate as at 31 January 2020.

Source: FP January 2020 Factsheet.

1. Based on the FP 31 December 2019 Detailed Statement of Investments.

# Top Portfolio Holdings – 2019 Preliminary results

| Company               | EBITDA (RON mn) |                 |               | Net profit (RON mn) |                |                |
|-----------------------|-----------------|-----------------|---------------|---------------------|----------------|----------------|
|                       | 2018            | 2019            | %yoy          | 2018                | 2019           | %yoy           |
| Hidroelectrica        | 3,121.6         | 3,003           | (3.8)%        | N/A                 | N/A            | N/A            |
| OMV Petrom            | 8,393.1         | 7,756.9         | (7.6)%        | 4,077.8             | 3,634.7        | (12.2)%        |
| Bucharest Airports    | 557.1           | 587.9           | 5.5%          | 371.8               | 375.1          | 0.9%           |
| Alro                  | 487.0           | 252.0           | (48.3)        | 235.3               | (68.3)         | (129.0)%       |
| Nuclearelectrica      | 1,089.5         | 1,192.1         | 9.4%          | 410.6               | 540.9          | 31.7%          |
| Constanta Port        | 132.1           | 130.7           | (1.1)         | 75.7                | 96.2           | 27.1%          |
| <b>Total</b>          | <b>13,780.4</b> | <b>12,922.6</b> | <b>(6.2)%</b> | <b>5,171.2</b>      | <b>4,578.6</b> | <b>(11.5)%</b> |
| <b>Weighted Total</b> | <b>1,726.1</b>  | <b>1,628.0</b>  | <b>(5.7)%</b> | <b>550.3</b>        | <b>488.9</b>   | <b>(11.2)%</b> |

Source: OMV Petrom, Alro and Nuclearelectrica 2019 preliminary financial statements, Hidroelectrica, Bucharest Airports, and Constanta Port 2019 preliminary figures presented by the management.

Note: EBITDA is calculated as Operational result + Depreciation and Amortization.

## 2019 preliminary results:

- According to the management, in 2019 the company recorded a total turnover of RON 4,146.8 million, down 2.7% y.o.y. and an EBITDA of RON 3,003 million, down 3.8% y.o.y.
- Total electricity sold out of own production reached 14.8 TWh, down 11.9% y.o.y., while the total electricity sold stood at 15.8 TWh, down 11.2% y.o.y.
- The average realised price of energy sold in 2019 was RON 229.2/ MWh, up 7.3% y.o.y.
- At the end of 2019, the company's net cash position was RON 1.96 billion.

Source: Hidroelectrica 2016 – 2018 Annual reports and individual financial statements, press articles, company presentations, 2019 preliminary figures presented by the management.





## 2019 preliminary results

- Sales to external consumers reached RON 25.5 bn 11.6% higher compared to 2018, supported mainly by a 16% increase in gas sales volume.
- Net income decreased by 12.2% to RON 3,635 mn, due mainly by a lower hydrocarbon production, and a lower realized crude price – 10.6% decrease in 2019, to USD 56.09/bbl, from USD 62.06/bbl in 2018. Also, refining margin was 34.5% lower in 2019, compared to the previous year.
- The company's Executive Board proposed a gross dividend of RON 0.031/share for the 2019 FY, 14.8% higher compared to the gross dividend distributed for the previous year. The proposal is subject to shareholders' approval during the company's annual GSM.

| Financial and Operational highlights        | 2018          | 2019          | %YoY           |
|---|---------------|---------------|----------------|
| <b>Sales to external costumers (mn RON)</b> | <b>22,523</b> | <b>25,485</b> | <b>11.6%</b>   |
| • Downstream Oil                            | 17,075        | 18,237        | 6.4%           |
| • Downstream Gas                            | 4,884         | 6,737         | 27.5%          |
| <b>Clean CCS Operating Result</b>           | <b>4,804</b>  | <b>4,573</b>  | <b>(5.1)%</b>  |
| Operating Result (mn RON)                   | 5,213         | 4,245         | (22.8)%        |
| • Upstream                                  | 3,531         | 2,589         | (36.4)%        |
| • Downstream                                | 1,672         | 1,913         | 12.6%          |
| • Corporate and consolidation               | 10            | (258)         | 103.9%         |
| <b>Clean CCS net income</b>                 | <b>3,728</b>  | <b>3,863</b>  | <b>3.5%</b>    |
| <b>Net income (mn RON)</b>                  | <b>4,078</b>  | <b>3,635</b>  | <b>(12.2)%</b> |
| Hydrocarbon production (mn boe)             | 58.30         | 55.35         | (5.3)%         |
| Average Group realized crude price (\$/bbl) | 62.06         | 56.09         | (10.6)%        |
| OPEX (\$/boe)                               | 11.18         | 10.90         | (2.6)%         |
| Refining margin (USD/bbl)                   | 6.28          | 4.67          | (34.5)%        |
| Refinery utilisation (%)                    | 85            | 97            | 12.4%          |
| Refined product sales (million tons)        | 4.99          | 5.46          | 8.6%           |
| Gas sales volume (TWh)                      | 47.32         | 54.84         | 13.7%          |
| Net electrical output (TWh)                 | 3.82          | 3.40          | (12.4)%        |

Source: Group's quarterly historical IFRS figures spreadsheet from OMV Petrom 's website.

# C.N. Aeroporturi Bucuresti – Update

| Financial Performance       | 2016  | 2017  | 2018  | Prelim. 2019 | %yoy  |
|-----------------------------|-------|-------|-------|--------------|-------|
| Operating revenues (mn RON) | 754.7 | 890.9 | 992.6 | 1,074.2      | 8.2%  |
| Operating profit (mn RON)   | 263.6 | 337.6 | 445.9 | 432.2        | (3.1) |
| Net Income (mn RON)         | 224.7 | 290.7 | 371.8 | 375.1        | 0.9%  |
| Number of passengers (mn)   | 10.99 | 12.84 | 13.84 | 14.73        | 6.4%  |



## Traffic

- Passenger traffic reached 14.73 mn in 2019, 6.4% higher compared to the previous year.
- Aircraft movements increased to 145.0 thousand in the same period, 5.2% higher compared to 2018.
- Cargo traffic decreased by 2.3% to 38.6 thousand tons, versus 39.5 thousand tons in the previous year.



## 2019 Preliminary financials

- Operating revenues reached RON 1.0 bn, over 8% higher compared to 2018, while the Operating profit decreased 3% to RON 432.2 million, mainly due to increased amortization costs.
- Net income was RON 375.1 million, versus RON 371.8 million in 2018.



# ENEL subsidiaries – Special dividends

- The General Shareholders Meeting of the companies E-Distribuție Banat, E-Distribuție Dobrogea and E-Distribuție Muntenia approved on 14 February 2020 the granting of dividends worth 2.96 billion RON (approximately 618 million euros), from retained earnings.
- Out of the RON 522.5 million in dividends, RON 498.3 million have been received by the Fund in February and the rest (RON 24.2 million) are to be received by August 2020.

| <b>Mn RON</b>          | <b>Enel Group</b> | <b>FP</b>  | <b>SAPE</b> | <b>Total</b> |
|------------------------|-------------------|------------|-------------|--------------|
| E-Distributie Banat    | 452               | 214        | 220         | 886          |
| E-Distributie Dobrogea | 256               | 121        | 125         | 503          |
| E-Distributie Muntenia | 1,211             | 188        | 157         | 1,566        |
| <b>Total</b>           | <b>1,919</b>      | <b>523</b> | <b>502</b>  | <b>2,955</b> |

# Constanta Ports – Update

| Financial performance          | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | Prelim.<br>2019 | % y/y |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-----------------|-------|
| Operating revenues (RON mn)    | 269.6 | 285.9 | 294.3 | 309.2 | 314.0 | 330.5 | 345.2 | 352.5           | 2.1%  |
| Operating profit (RON mn)      | 46.3  | 76.6  | 83.8  | 114.0 | 54.8  | 93.8  | 95.8  | 97.6            | 1.9%  |
| Net Income (RON mn)            | 35.6  | 65.0  | 70.3  | 97.4  | 36.8  | 79.7  | 75.7  | 96.2            | 27.1% |
| Total traffic (thousands tons) | 50.6  | 55.1  | 55.6  | 56.3  | 59.4  | 58.4  | 61.3  | 66.6            | 8.6%  |



## Traffic

- According to the company, the total volume of goods operated reached 66.6 million tons, up 8.6% y.o.y, driven by a 18.7% y.o.y. increase in the volume of cereals, to 21.3 million tons.



## Preliminary 2019 financials

- The company reported preliminary operating revenues of RON 352.5 million, up 2.1% y.o.y., operating profit of RON 97.6 million, up 1.9% y.o.y and a net profit of RON 96.2 million, up 27.1% y.o.y.

Source: Constanta Port financial statements, annual reports, 2019 preliminary figures presented by the management.

# Update on the liberalization of the electricity market

- The Government assumed responsibility on 26 December 2019 on the law liberalizing the electricity market starting 1 January 2021, and the gas market starting 1 July 2020. Also, on 6 January 2020, the Government repealed, through GEO 1/2020, the main provisions of the GEO 114/2018, eliminating the tax on banking assets, the 2% turnover tax in energy, as well as the additional capital for private pension fund managers. However, the Constitutional Court ruled against the law, considering the undertaking of the responsibility of the Government as unconstitutional, based on the rationale that in the Parliament there is a similar initiative from a content perspective, while the Senate voted against the GEO 1/2020.
- On 26 December 2019 ANRE issued an order setting the regulated prices and quantities of electricity for H1 2020:
  - Hidroelectrica is required to sell 1.84 TWh (approx. 7.8% of the estimated production for 2020) at regulated price of RON 102.54 /MWh (vs. previous regulated price in 2019 of RON 112 /MWh);
  - Nuclearelectrica is required to sell 1.08 TWh (approx. 10.5% of the estimated production for 2020) at regulated price of RON 188.47 /MWh (vs. previous regulated price in 2019 of RON 189.51/MWh);
  - In H2 2020 Hidroelectrica may be required to sell up to 1.31 TWh, while Nuclearelectrica be required to sell up to 1.09 TWh.

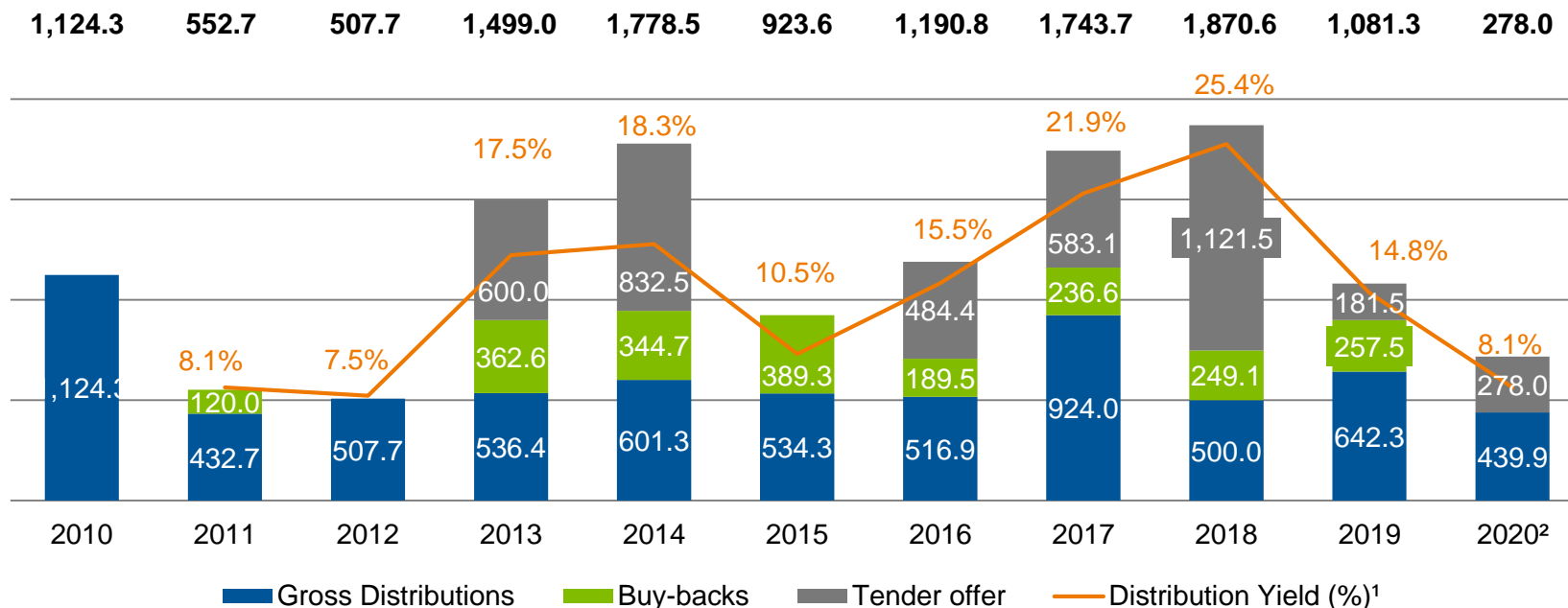
# Corporate Actions



# Distributions to shareholders



## Annual Distributions to Shareholders (RON mn)



**The total distributions through buy-backs and cash would amount to RON 12.55 bn/USD 3.41 bn<sup>3</sup>**

Source: Fund Manager calculations, Fund Manager annual results reports, Fund Manager current reports.

Note: Values exclude related acquisition fees. USD values based on the NBR average USD/RON FX for each year.

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 2020, average closing share price as at 27 February.

2. Tender offer estimation based on the size of the offer (200 million shares) and purchase price (RON 1.39 per share) according to the Tender offer documentation. Gross distribution estimation based on the Investment Manager's proposal of RON 0.0642 per share, submitted for shareholders' approval.

3. As at 27 February 2020. USD value calculated using the NBR USD/RON FX as at 27 February 2020.

# Buy – back programs

| Program  | Period              | Status    | No. of shares to be repurchased/<br>% of the Fund's issued share capital | Average share price (RON/share) | Broker                          | Cancellation of shares <sup>1</sup>  |
|----------|---------------------|-----------|--|---------------------------------|---------------------------------|--|
| Tenth    | 1 Jan – 31 Dec 2019 | Finalized | 750.0 mn/8.2%  | 0.9198 <sup>2</sup>             | Auerbach Grayson, BCR           | The cancellation of shares will be subject to shareholders' approval in 2020 |
| Eleventh | 1 Jan – 31 Dec 2020 | Ongoing   | 800.0 mn/10.5%   | -                               | Auerbach Grayson, Swiss Capital | The cancellation of shares will be subject to shareholders' approval in 2021 |

Source: Fund Manager current reports, Fund Manager calculations.

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. Based on the 403,812,443 shares repurchased (309,164,893 ordinary shares and 94,647,550 equivalent shares of the GDRs repurchased).

# Seventh Tender Offer

|                            |  |
|----------------------------|--|
| <b>Size of the Offer</b>   | 200,000,000 shares, in the form of shares and GDRs             |
| <b>Purchase price</b>      | RON 1.39 per share and the USD equivalent of RON 69.50 per GDR |
| <b>Subscription period</b> | 29 January – 13 March 2020                                     |
| <b>Allocation method</b>   | Pro-rata   |
| <b>Intermediary</b>        | Swiss Capital S.A.   |
| <b>Dealer managers</b>     | Swiss Capital S.A. and Auerbach Grayson                        |
| <b>GDR Tender Agent</b>    | The Bank of New York Mellon                                    |

Source: Investment Manager current report.

# Dividend Recommendation for FY 2019

- In accordance with the Fund's Annual Cash Distribution Policy, the Fund Manager recommends a gross dividend of RON 0.0642 per share.

|   |               |
|---|---------------|
| <b>Distributable profit (RON)</b>                                 | 596,349,773   |
| <b>Less mandatory transfer to legal reserves (RON)</b>            | (156,493,546) |
| <b>Proposed dividend (RON)</b>                                    | 439,856,227   |
| <b>Number of shares in issue</b>                                  | 7,613,970,697 |
| <b>Less unpaid shares</b>   | (363,812,350) |
| <b>Less treasury shares in balance as at 31 December 2019</b>     | (403,812,443) |
| <b>Number of shares entitled to receive dividends<sup>1</sup></b> | 6,846,345,904 |
| <b>Proposed gross dividend per share (RON)</b>                    | 0.0642        |

1. Computed as at 31 December 2019 as the number of the fully paid shares less treasury shares; unpaid shares along with treasury shares do not constitute dividend entitlement as per Article 67 (2) and Article 105 (1) of Law 31/1990.



# Total dividend income from portfolio companies

|  | FP Net Dividend (RON mn) |                     |                     |                     |                     |                     |                           |
|--|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------|
|  | 2013                     | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                      |
| Total Dividends from Listed Companies (RON mn)             | 373.9                    | 538.6               | 251.5               | 36.0                | 148.1               | 199.6               | 223.0                     |
| Total Dividends from Unlisted Companies (RON mn)           | 275.8 <sup>2</sup>       | 143.5               | 315.9               | 315.2               | 404.5               | 366.9               | 710.0                     |
| Total Annual Dividend Income (RON mn)                      | 649.7                    | 682.1               | 567.4               | 351.2               | 552.6               | 566.5               | 673.7                     |
| Total Special Dividend Income (RON mn)                     | -                        | -                   | -                   | -                   | 185.2               | 199.5               | 259.3                     |
| <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>        | <b>933.0</b>              |
| Total Annual Dividend Income per Share (RON) <sup>1</sup>  | 0.04954                  | 0.05674             | 0.05310             | 0.0331              | 0.0750              | 0.0797              | 0.0984                    |
| Total Special Dividend Income per Share (RON) <sup>1</sup> | -                        | -                   | -                   | -                   | 0.0251              | 0.0281              | 0.0379                    |
| <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</b>       | <b>0.1363<sup>9</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> | 1.0150 <sup>8</sup> |                           |
| Yield  | 6.54%                    | 5.84%               | 6.94%               | 8.76%               | 7.54%               | 8.90% <sup>8</sup>  |                           |
| Yield for Romanian companies (BET)                         | 5.10%                    | 3.50%               | 4.56%               | 7.07%               | 8.59%               | 9.17%               |                           |

Source: Fund Manager calculations.

1. Calculation based on the number of paid shares at the registration date for each year excluding treasury shares at the same date. For 2019, the calculation is based on the number of paid shares excluding treasury shares acquired as at 31 December 2019. Note: The Fund Manager's dividend proposals are calculated based on the Fund's Annual Cash Distribution Policy.

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.

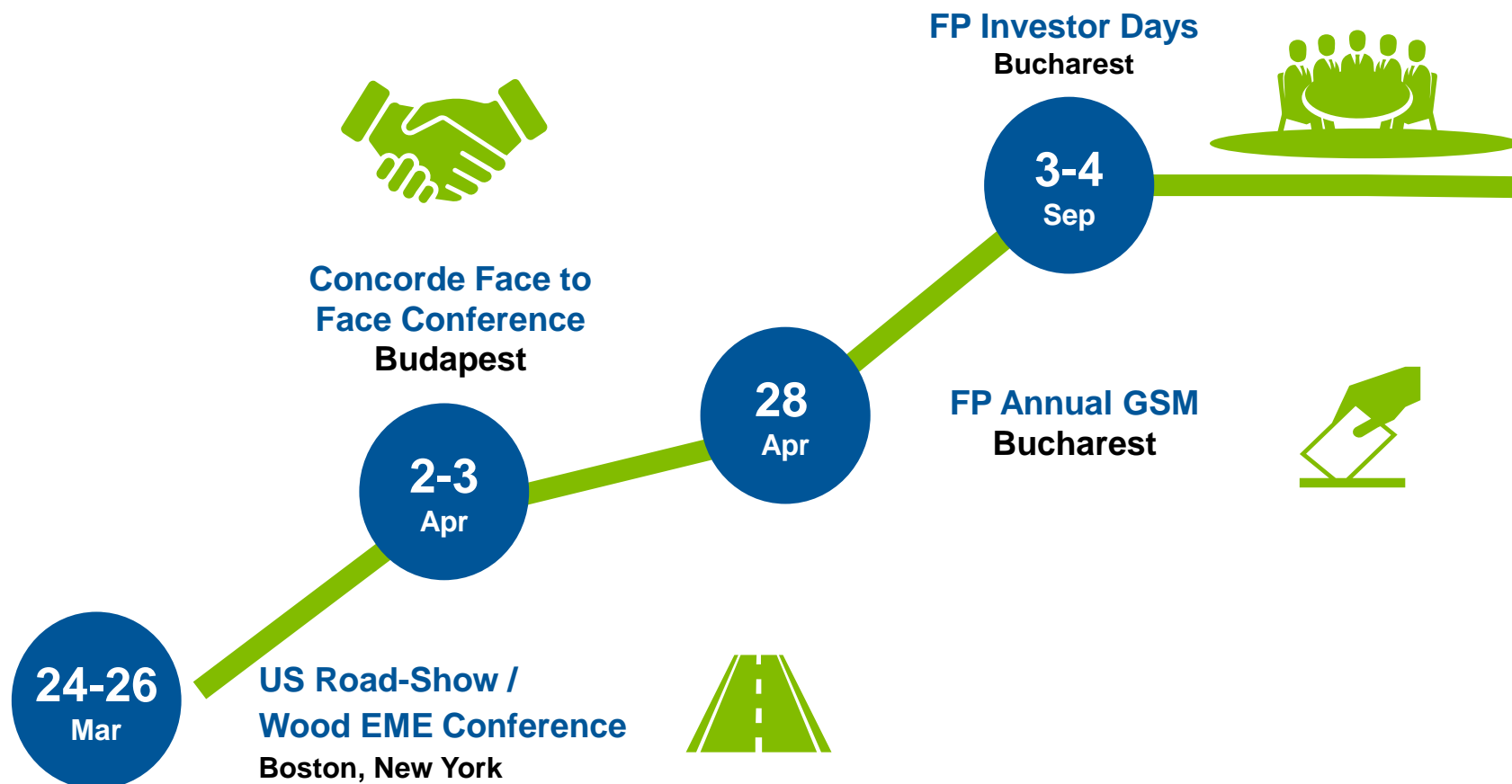
7. As at 11 June 2018.

8. As at 10 June 2019.

9. Estimation based on the Total dividends for 2019 as at 31 December 2019 and the number of paid shares excluding treasury shares acquired as at 31 December 2019.

Note: The Fund Manager's dividend proposals are calculated based on the Fund's Annual Cash Distribution Policy.

# Investor relations – Upcoming events



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

# 28 April 2020 Annual GSM agenda – Main points



## EGM agenda:

- The approval of several amendments to the Constitutive Act of Fondul Proprietatea
- The approval of the amended Investment Policy Statement, which shall be in force starting with 23 July 2020, as described in the supporting documentation
- The approval of the decrease of the subscribed share capital of Fondul Proprietatea from RON 3,959,264,762.44 to RON 3,749,282,292.08 pursuant to the cancellation of 403,812,443 own shares acquired by Fondul Proprietatea during 2019



## OGM agenda:

The presentation by:

- The Alternative Investment Fund Manager of the Performance Report for the period 1 January 2019 – 31 December 2019; and
- The Board of Nominees of its annual report for 2019 financial year, including its Review Report in relation to the Performance Report
- The approval of the Annual Activity Report of the Sole Director of Fondul Proprietatea for the financial year 2019
- The approval to cover the negative reserves incurred in 2019 financial year derived from the cancellation of treasury shares, in accordance with the supporting materials

# 28 April 2020 Annual GSM agenda – Main points



## OGM agenda:

- The approval of the net profit allocation, and the approval of the value of the gross dividend of RON 0.0642 per share corresponding to the 2019 financial year profit, all in accordance with the supporting documentation
- The appointment of Deloitte Audit S.R.L. as the financial auditor of Fondul Proprietatea S.A., setting the duration of the financial audit agreement for the period starting with 31 August 2021 and 30 June 2022; setting the scope of work of the financial audit agreement: audit of the financial statements of Fondul Proprietatea SA for 2021 financial year.

The approval of:

- 9 June 2020 as the Ex – Date;
- 10 June 2020 as the Registration Date;
- 1 July 2020 as the Payment Date.

The continuation of the mandate of Franklin Templeton International Services S.Ă R.L. as Fondul Proprietatea's alternative investment fund manager and sole director, as follows:

- (a) The approval of the continuation of the current mandate of Franklin Templeton International Services S.ă r.l. as the alternative investment fund manager and sole director of Fondul Proprietatea.
- In case point (a) above is not approved by the shareholders, the approval of:
  - the simultaneous termination of the mandate of Franklin Templeton International Services S.Ă R.L. as the alternative investment fund manager and sole director of Fondul Proprietatea , and of the Management Agreement, beginning with the earliest of (i) the appointment of a new alternative investment fund manager and sole director of Fondul Proprietatea in accordance with the terms of the Management Agreement and (ii) 1 November 2020, and
  - the procedure to be observed for the selection of a new alternative investment fund manager and sole director of Fondul Proprietatea, as described in the supporting materials. (secret vote)



# Financial results



# Statement of Financial Position

| RON mn                              | 31 December 2019<br>Audited | 31 December 2018<br>Audited |
|-------------------------------------|-----------------------------|-----------------------------|
| Cash and current accounts           | 31.9                        | 19.6                        |
| Deposits with banks                 | 338.4                       | 187.1                       |
| Treasury bills                      | -                           | 49.6                        |
| Government bonds                    | 137.3                       | 131.6                       |
| Dividend receivables                | -                           | 137.0                       |
| Equity investments                  | 11,413.1                    | 9,337.4                     |
| Other assets                        | 0.3                         | 1.5                         |
| <b>Total assets</b>                 | <b>11,921.0</b>             | <b>9,863.8</b>              |
| Payables                            | 16.7                        | 14.8                        |
| Other liabilities                   | 32.8                        | 20.6                        |
| <b>Total liabilities</b>            | <b>49.5</b>                 | <b>35.4</b>                 |
| Total equity                        | 11,871.5                    | 9,828.4                     |
| <b>Total liabilities and equity</b> | <b>11,921.0</b>             | <b>9,863.8</b>              |

Source: FP Annual Sole Director's Report 2019.

# Statement of Comprehensive Income

| RON mn   | 2019<br>Audited | 2018<br>Audited |
|--|-----------------|-----------------|
| Net unrealised gain from equity investments at fair value through profit or loss       | 2,260.3         | 225.3           |
| Gross dividend income  | 942.9           | 776.2           |
| Net realised gain/ (loss) from equity investments at fair value through profit or loss | 9.9             | 4.5             |
| Interest income  | 9.9             | 9.8             |
| (Impairment losses)/ Reversal of impairment losses on receivables, net                 | (10.3)          | 0.2             |
| Other income/ (expenses), net <sup>1</sup>   | 3.4             | 2.9             |
| <b>Net operating income</b>  | <b>3,216.1</b>  | <b>1,018.9</b>  |
| Administration fees recognised in profit or loss                                       | (50.3)          | (46.8)          |
| Other operating expenses   | (25.6)          | (26.5)          |
| <b>Operating expenses</b>  | <b>(75.9)</b>   | <b>(73.3)</b>   |
| Finance costs  | (0.4)           | (0.3)           |
| <b>Profit before income tax</b>  | <b>3,139.8</b>  | <b>945.3</b>    |
| Income tax expense   | (9.9)           | (10.2)          |
| <b>Profit for the year</b>   | <b>3,129.9</b>  | <b>935.1</b>    |
| Other comprehensive income   | -               | -               |
| <b>Total comprehensive income for the year</b>   | <b>3,129.9</b>  | <b>935.1</b>    |

Source: FP Annual Sole Director's Report 2019.

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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# Disclaimer (II)

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 3,959,264,762.44 and paid up share capital is RON 3,770,082,340.44.

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 B36.979, registered with the Romanian Financial Supervisory Authority 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.

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