



Quarterly report (Q1 2016) in compliance with the Romanian Capital Market Law no. 297/2004, CNVM Regulation no. 1/2006, and the Bucharest Stock Exchange Code

Report date: **May 16th, 2016**

Company name: **Societatea Energetică Electrica S.A.**

Headquarters: **9 Grigore Alexandrescu Street, 1st District, Bucharest, Romania**

Phone/fax no: **004-021-2085999/ 004-021-2085998**

Fiscal Code: **RO 13267221**

Trade Register registration number: **J40/7425/2000**

Subscribed and paid in share capital: **RON 3,459,399,290**

Regulated market where the issued securities are traded:

- **Bucharest Stock Exchange (BVB), ticker: EL**
- **London Stock Exchange (LSE), ticker: ELSA**

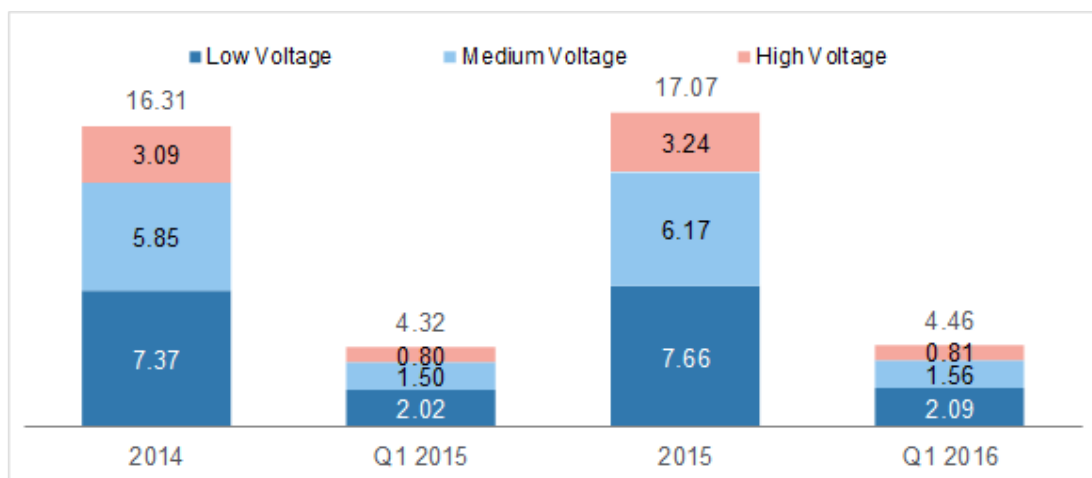
Electrica Group

Electrica is the market leader in distribution and supply of electricity in Romania.

Please see Annex 1 for more detailed information about the subsidiaries in the Group

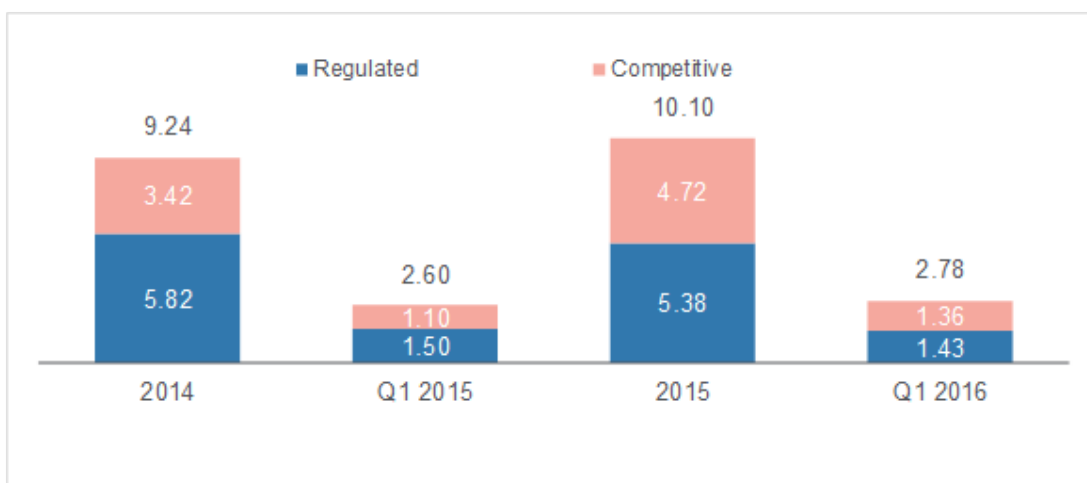
Distribution business

- Regulated asset base (RAB) of RON 4.344 bn at the end of Q1 2016
- The distribution business serves 3.65 mn users, covering an area of 97,382 km²
- Electrica distributed 4.46 TWh in Q1 2016, as follows:



Supply business

- The supply business serves 3.61 mn consumers throughout Romania
- Electrica supplied c. 2.78 TWh on the retail market in Q1 2016, split between the regulated and competitive market as follows:

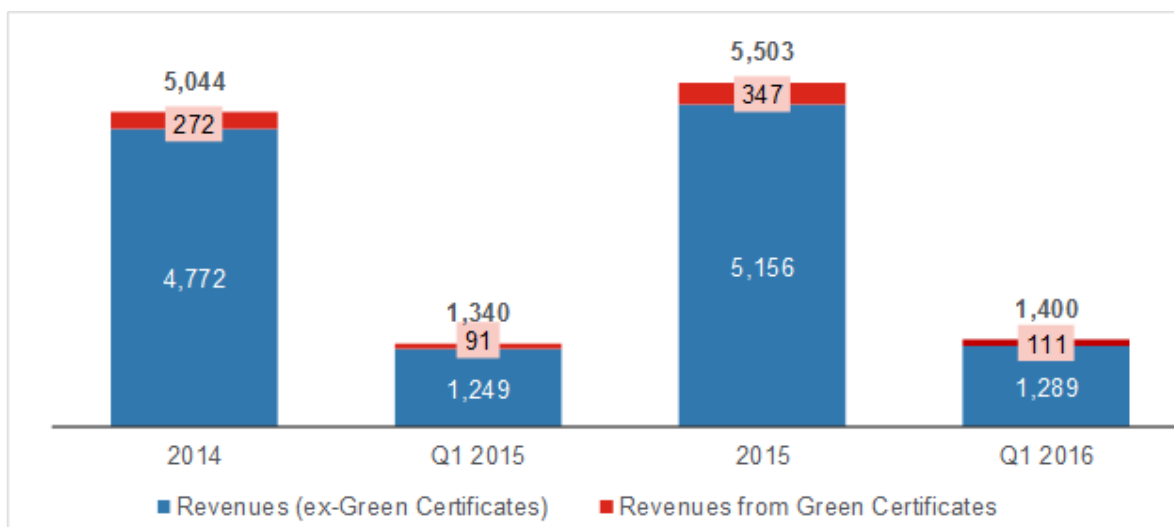


- Electrica Furnizare has the largest market share in Romania (according to ANRE's December 2015 report), with 15% on competitive market and 38.1% on regulated market, leading to an overall market share of 21.8%.

Q1 2016 Key Consolidated Financials

- Revenues: RON 1.4 bn a 4.4% increase vs Q1 2015
- EBITDA: RON 257.8 mn a 12% rise compared to same period last year
- EBIT: RON 170 mn a 19.4% rise compared to same period last year
- Net Profit: RON 142 mn a 11.8% increase vs Q1 2015

Revenues (RON mn)

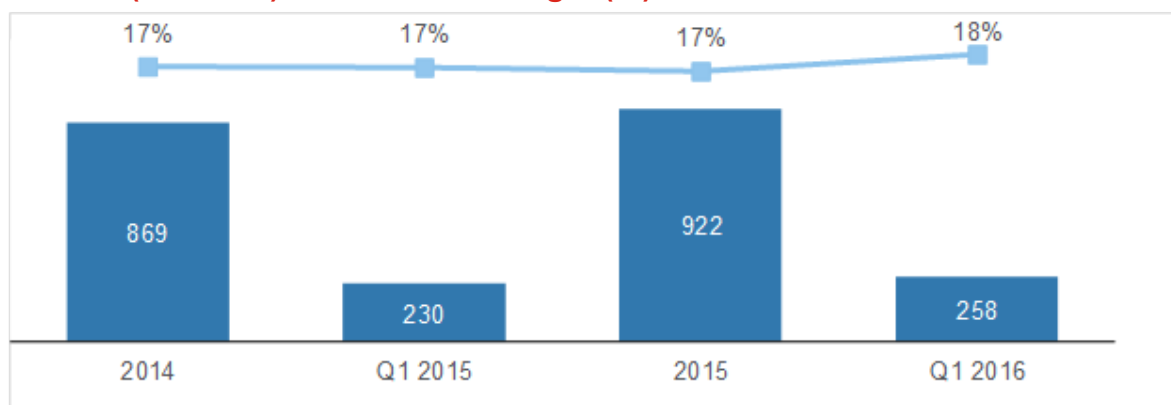


Revenues have increased by RON 60 million, or 4.4%, due to the supply segment revenues increase of 3% that offsets the distribution segment revenues decrease by 10% and also due to RON 81 million higher external revenues (outside the Group).

Supply business increased mainly due to a positive volume effect, 8% higher y-o-y, partially offset by a negative price effect, 6% decrease y-o-y.

The distribution business y-o-y decrease is mainly due to a negative price effect, generated by the lower regulated distribution tariffs partially compensated by a positive volume effect (increase of 3% mainly driven by EDTN and EDTS).

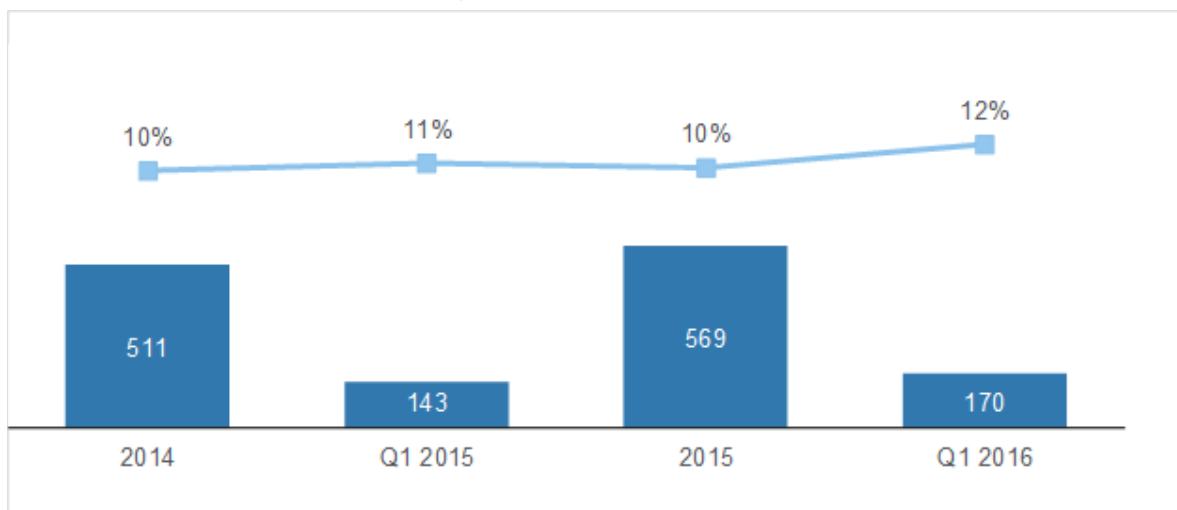
EBITDA (RON mn) and EBITDA Margin (%)



EBITDA increased by RON 28 million y-o-y, or by 12%, as a net effect of:

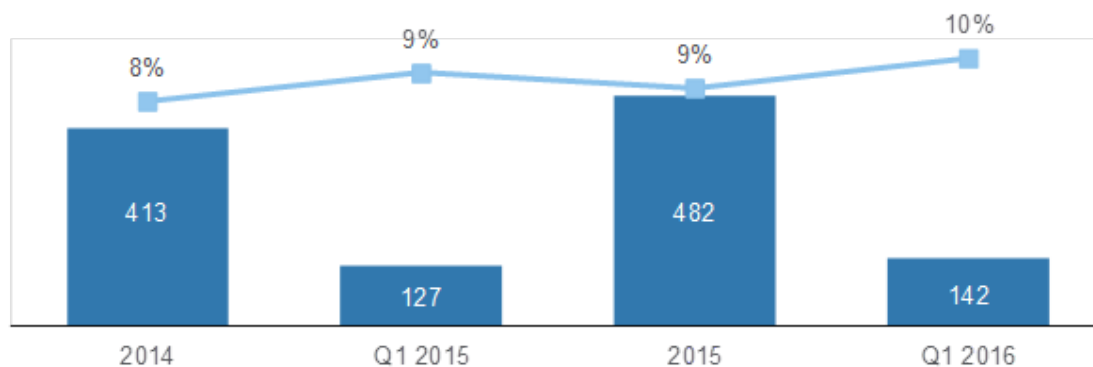
- higher other revenues by RON 32 million mainly resulted from the gain on the deconsolidation of SE Moldova (RON 73.7 million) vs. lower gain on the deconsolidation of SE Dobrogea (RON 38.5 million) in Q1 2015;
- lower opex by RON 17 million due to lower maintenance and materials expenses in the distribution subsidiaries;
- lower energy margin by RON 4 million, as the higher supply margin and lower network losses were exceeded by the lower regulated distribution tariffs effect;
- higher provision by RON 18 million representing additional taxes and penalties disputed with ANAF (RON 32.4 million at EDTN, RON 23.7 million at HQ), partially offset by the unwinding of the Electrica Serv restructuring provision (RON 10.3 million) vs. the 2015 HQ provision of RON 31.3 million;
- salaries and employee benefits higher by RON 3 million due to the lay-off compensations paid to employees of Electrica Serv, EDMN and HQ enrolled in the voluntary departures plan in Q1 2016, amounting to RON 11.1 million, partially offset by lower costs in the other subsidiaries (RON 8.3 million).

EBIT (RON mn) and EBIT Margin (%)



The Group EBIT has increased by RON 27.6 million, or by 19.4%, in line with the EBITDA as it was only slightly impacted by the depreciation and amortization increase by RON 2 million or 2.4% (due to the increase of investments commissioning) and by the impairment of property, plant and equipment decrease by RON 2.2 million.

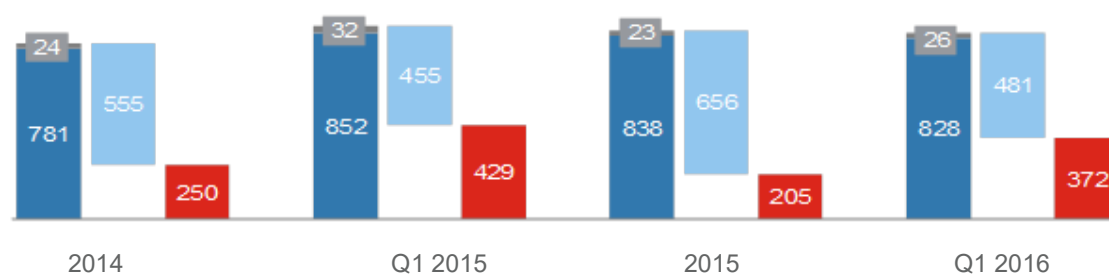
Net Profit (RON mn) and Net Profit Margin (%)



Net profit has increased by RON 15 million, or by 11.8%, led by the overall improved performance, despite the decrease of the finance income of RON 0.9 million or by 12.8%, and the increase of the income tax expense of RON 11.7 million or by 51.3%.

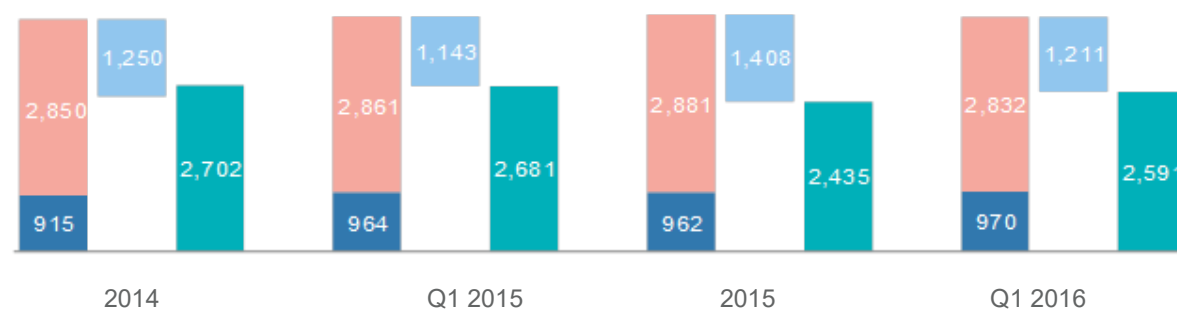
Net Working Capital (RON mn)

Trade Receivables Inventories Trade Payables Net Working Capital



Net Current Assets (RON mn)

Current Assets (ex. Cash) Cash, cash equivalents & treasury bills Current Liabilities Net Current Assets



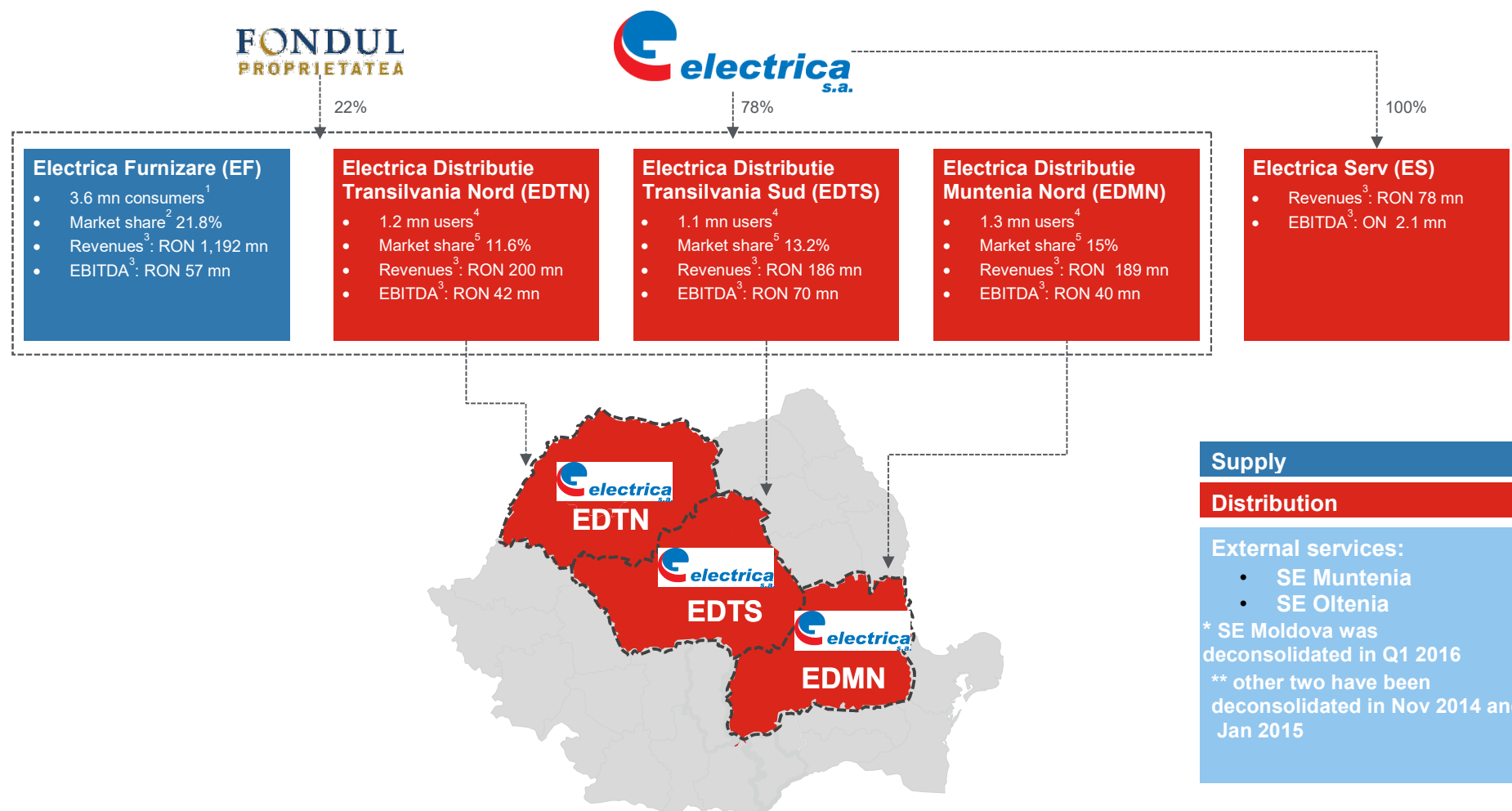
**Economic and financial indicators for Electrica Group as of 31.03.2016
according to Annex 30B to CNVM Regulation no.1/2006**

Indicator	Formula	Value
Current liquidity ratio	Current Assets / Current Liabilities	3.1
Capital gearing ratio	Debt / Equity * 100	0%
Trade receivables turnover	Average balance trade receivables/ Turnover * 90	49 days
Non-current asset turnover ratio	Turnover / Non-current assets	0.3

Iuliana Andronache

Electrica – Q1 2016 Financial Report Monday, May 16th, 2016

Annex 1: Key data for Electrica's Significant Subsidiaries



Source: Company data, latest available ANRE data.

1. As of 31 March 2016. Consumer = Any natural person or legal entity that enters a contract to purchase electricity.

2. As of 31 December 2015. Market share is based on volumes.

3. As of 31 March 2016. Revenues and EBITDA as per the segment reporting.

4. As of 31 March 2016. User = Any producer, transmission system operator, distribution system operator, supplier, eligible consumer or captive consumer connected to the network.

5. As of 31 December 2014. Market share is based on volumes.

Annex 2
Condensed Unaudited Consolidated
Interim Financial Information