



**SOCIETATEA ENERGETICA ELECTRICA S.A.**

Separate Preliminary Unaudited Results

as at and for the year ended

**31 December 2018**

*Free translation from Romanian, which is the official and binding version*

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**SEPARATE PRELIMINARY STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2018

*(All amounts are in RON, if not otherwise stated)*

	<b>Preliminary 31 December 2018 (unaudited)</b>	<b>31 December 2017 (audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	225,875,488	270,667,304
Other intangible assets	565,574	557,958
Investments in subsidiaries	2,180,209,868	2,183,950,669
Restricted cash	320,000,000	320,000,000
Loans granted to subsidiaries – long term	968,087,389	246,563,230
<b>Total non-current assets</b>	<b>3,694,738,319</b>	<b>3,021,739,161</b>
<b>Current assets</b>		
Cash and cash equivalents	169,966,962	125,982,921
Deposits, treasury bills and government bonds	101,493,076	746,980,117
Trade receivables	9,001,292	79,300,866
Other receivables	17,032,342	54,939,696
Inventories	76,665	174,592
Prepayments	54,106	83,135
Loans granted to subsidiaries – short term	5,202,986	-
<b>Total current assets</b>	<b>302,827,429</b>	<b>1,007,461,328</b>
<b>Total assets</b>	<b>3,997,565,748</b>	<b>4,029,200,489</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	3,459,399,290	3,459,399,290
Share premium	103,049,177	103,049,177
Treasury shares	(75,372,435)	(75,372,435)
Pre-paid capital contributions in kind from shareholders	5,144,025	5,144,025
Revaluation reserves	11,837,805	16,295,016
Legal reserves	184,202,070	169,303,590
Retained earnings	288,528,416	246,338,855
<b>Total equity</b>	<b>3,976,788,348</b>	<b>3,924,157,518</b>

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**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**SEPARATE PRELIMINARY STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2018  
*(All amounts are in RON, if not otherwise stated)*

	<b>Preliminary 31 December 2018 (unaudited)</b>	<b>31 December 2017 (audited)</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Employee benefits	1,898,716	1,588,567
<b>Total non-current liabilities</b>	<b>1,898,716</b>	<b>1,588,567</b>
<b>Current liabilities</b>		
Trade payables	4,014,783	72,395,483
Other payables	4,006,193	12,936,476
Deferred revenue	593,991	771,914
Employee benefits	6,546,940	5,057,651
Provisions	3,716,777	12,292,880
<b>Total current liabilities</b>	<b>18,878,684</b>	<b>103,454,404</b>
<b>Total liabilities</b>	<b>20,777,400</b>	<b>105,042,971</b>
<b>Total equity and liabilities</b>	<b>3,997,565,748</b>	<b>4,029,200,489</b>

**Chief Executive Officer**  
Georgeta Corina Popescu

**Chief Financial Officer**  
Mihai Darie

February 27<sup>th</sup>, 2019

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**SEPARATE PRELIMINARY STATEMENT OF PROFIT OR LOSS**  
 FOR THE YEAR ENDED 31 DECEMBER 2018  
 (All amounts are in RON, if not otherwise stated)

	<b>Preliminary 2018 (unaudited)</b>	<b>2017 (audited)</b>
Revenues	16,783,663	481,914,976
Other income	20,317,942	5,454,469
Electricity purchased	-	(469,697,651)
Employee benefits	(36,823,886)	(25,848,474)
Depreciation and amortization	(21,745,603)	(23,531,857)
Reversal of impairment/(Impairment) of trade and other receivables, net	41,186,949	(15,120,206)
Reversal of impairment/(Impairment) of property, plant and equipment, net	5,697,528	(1,906,585)
Impairment of equity interests in subsidiaries	(19,520,323)	-
Change in provisions, net	8,576,103	(12,292,881)
Other operating expenses	(45,856,012)	(48,128,627)
<b>Operating loss</b>	<b>(31,383,639)</b>	<b>(109,156,836)</b>
Finance income	329,429,909	364,794,976
Finance costs	(76,667)	(470,420)
<b>Net finance income</b>	<b>329,353,242</b>	<b>364,324,556</b>
<b>Profit before tax</b>	<b>297,969,603</b>	<b>255,167,720</b>
Income tax – benefit	3,752	2,996,195
<b>Profit for the year</b>	<b>297,973,355</b>	<b>258,163,915</b>
<b>Earnings per share</b>		
Basic and diluted earnings per share	<b>0.88</b>	<b>0.76</b>

**Chief Executive Officer**  
 Georgeta Corina Popescu

**Chief Financial Officer**  
 Mihai Darie

February 27<sup>th</sup>, 2019

## **1 Basis of preparation**

These preliminary unaudited separate financial statements are the separate financial statements of Societatea Energetica Electrica S.A. ("Company" or "Electrica") and they include only the Separate Statement of Financial Position and the Separate Statement of Profit or Loss.

These preliminary unaudited separate financial statements have been prepared in accordance with the Ministry of Public Finance Order no. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards ("OMFP 2844/2016"). In acceptance of OMFP 2844/2016, International Financial Reporting Standards are standards adopted under the procedure provided by the European Commission Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 regarding the application of the international accounting standards.

The financial statements are prepared and issued prior to the finalization of all usual internal procedures for the preparation of the annual financial reporting, as well as before concluding of the independent auditor report on the annual financial statements and as a result, differences between the preliminary separate financial statements and the separate audited financial statements might occur.

These financial statements are not audited or reviewed by an independent auditor and they are not a full set of financial statements in accordance with IFRS-UE.

The preliminary unaudited individual financial statements were authorized for issuance and signed by the management on February 27<sup>th</sup> 2019.

**Chief Executive Officer**

Georgeta Corina Popescu

**Chief Financial Officer**

Mihai Darie

February 27<sup>th</sup>, 2019



**SOCIETATEA ENERGETICA ELECTRICA S.A.**

Consolidated Preliminary Unaudited Results

as at and for the year ended

**31 December 2018**

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONSOLIDATED PRELIMINARY STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2018

(All amounts are in THOUSAND RON, if not otherwise stated)

	<b>Preliminary 31 December 2018 (unaudited)</b>	<b>31 December 2017 (restated, unaudited)*</b>	<b>1 January 2017 (restated, unaudited)*</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets related to concession arrangements	4,810,340	4,330,909	3,910,388
Other intangible assets	13,899	14,053	17,218
Property, plant and equipment, net	601,178	701,510	701,962
Restricted cash	320,000	320,000	134,492
Deferred tax assets	28,895	41,100	39,668
Other non-current assets	1,842	1,305	1,741
<b>Total non-current assets</b>	<b>5,776,154</b>	<b>5,408,877</b>	<b>4,805,469</b>
<b>Current assets</b>			
Trade receivables	806,293	804,361	777,989
Other receivables	38,461	55,534	20,030
Cash and cash equivalents	665,730	562,493	888,841
Deposits, treasury bills and government bonds	136,493	746,981	1,875,054
Inventories	63,585	21,620	22,750
Prepayments	2,666	3,692	5,635
Green certificates	-	12,643	-
Income tax receivable	16,481	1,134	2,385
Assets held for sale	23,209	-	-
<b>Total current assets</b>	<b>1,752,918</b>	<b>2,208,458</b>	<b>3,592,684</b>
<b>Total assets</b>	<b>7,529,072</b>	<b>7,617,335</b>	<b>8,398,153</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	3,459,399	3,459,399	3,459,399
Share premium	103,049	103,049	103,049
Treasury shares reserve	(75,372)	(75,372)	(75,372)
Pre-paid capital contributions in kind from shareholders	5,144	5,144	5,144
Revaluation reserve	108,704	123,748	104,681
Legal reserves	352,038	326,779	302,236
Retained earnings	1,675,479	1,712,809	1,784,751
<b>Total equity attributable to the owners of the Company</b>	<b>5,628,441</b>	<b>5,655,556</b>	<b>5,683,888</b>
Non-controlling interests	-	-	836,599
<b>Total equity</b>	<b>5,628,441</b>	<b>5,655,556</b>	<b>6,520,487</b>

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**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONSOLIDATED PRELIMINARY STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2018

*(All amounts are in THOUSAND RON, if not otherwise stated)*

	<b>Preliminary 31 December 2018 (unaudited)</b>	<b>31 December 2017 (restated, unaudited)*</b>	<b>1 January 2017 (restated, unaudited)*</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financing for network construction related to concession agreements	981	11,122	41,617
Deferred tax liabilities	183,381	200,504	195,689
Employee benefits	186,857	165,448	192,965
Other payables	41,247	40,440	44,921
Long-term bank borrowings	320,000	320,000	127,733
<b>Total non-current liabilities</b>	<b>732,466</b>	<b>737,514</b>	<b>602,925</b>
<b>Current liabilities</b>			
Financing for network construction related to concession agreements	11,851	32,709	85,513
Bank overdrafts	118,972	247,904	142,626
Trade payables	742,200	689,405	722,830
Other payables	181,117	134,226	160,890
Deferred revenue	5,037	7,364	4,415
Employee benefits	77,988	78,918	83,972
Provisions	29,106	29,889	62,407
Current income tax liability	1,894	3,850	12,088
<b>Total current liabilities</b>	<b>1,168,165</b>	<b>1,224,265</b>	<b>1,274,741</b>
<b>Total liabilities</b>	<b>1,900,631</b>	<b>1,961,779</b>	<b>1,877,666</b>
<b>Total equity and liabilities</b>	<b>7,529,072</b>	<b>7,617,335</b>	<b>8,398,153</b>

*\*see Note 2)*

**Chief Executive Officer**  
Georgeta Corina Popescu

**Chief Financial Officer**  
Mihai Darie

February 27<sup>th</sup>, 2019



**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONSOLIDATED PRELIMINARY STATEMENT OF PROFIT OR LOSS**

FOR THE YEAR ENDED 31 DECEMBER 2018

(All amounts are in THOUSAND RON, except per share data)

	<b>Preliminary 2018 (unaudited)</b>	<b>2017 (audited)</b>
Revenues	5,612,784	5,603,235
Other income	164,873	173,487
Electricity purchased	(2,718,320)	(2,972,793)
Green certificates	(378,254)	(372,878)
Construction costs related to concession agreements	(841,478)	(745,332)
Employee benefits	(671,538)	(642,418)
Repairs, maintenance and materials	(86,857)	(61,724)
Depreciation and amortization	(423,296)	(395,601)
Reversal of impairment/(Impairment) of property, plant and equipment, net	3,563	(8,805)
Reversal of impairment/(Impairment) of trade and other receivables, net	25,234	(12,864)
Impairment on assets held for sale	(147)	-
Change in provisions, net	521	32,518
Other operating expenses	(426,109)	(399,791)
<b>Operating profit</b>	<b>260,976</b>	<b>197,034</b>
Finance income	14,019	20,116
Finance costs	(12,268)	(10,399)
<b>Net finance income</b>	<b>1,751</b>	<b>9,717</b>
<b>Profit before tax</b>	<b>262,727</b>	<b>206,751</b>
Income tax expense	(32,332)	(35,192)
<b>Profit for the year</b>	<b>230,395</b>	<b>171,559</b>
<b>Profit for the year attributable to:</b>		
- owners of the Company	230,395	127,730
- non-controlling interests	-	43,829
<b>Profit for the year</b>	<b>230,395</b>	<b>171,559</b>
<b>Earnings per share</b>		
Basic and diluted earnings per share	<b>0.68</b>	<b>0.38</b>

**Chief Executive Officer**  
Georgeta Corina Popescu

**Chief Financial Officer**  
Mihai Darie

February 27<sup>th</sup>, 2019

## 1 Basis of accounting

These preliminary unaudited consolidated financial statements are the consolidated financial statements of Societatea Energetica Electrica S.A. ("Company" or "Electrica") and they include only the Consolidated statement of financial position and the Consolidated statement of profit or loss.

These annual consolidated financial statements have been prepared in accordance with International Reporting Standards ("IFRS") as adopted by the European Union ("IFRS-EU").

The Company also issues an original version of the consolidated financial statements prepared in accordance with IFRS-EU in Romanian language, that will be used for submitting to the Bucharest Stock Exchange, which is the original binding version.

The financial statements are prepared and issued prior to the finalization of all usual internal procedures for the preparation of the annual financial reporting, as well as before concluding of the independent auditor report on the annual financial statements and as a result, differences between the preliminary consolidated financial statements and the consolidated audited financial statements might occur.

These financial statements are not audited or reviewed by an independent auditor and they are not a full set of financial statements in accordance with IFRS-UE.

The preliminary unaudited consolidated financial statements were authorized for issuance and signed by the management on February 27<sup>th</sup>, 2019.

## 2 Restatements

### *Share capital restatement*

Until 31 December 2003, the statutory share capital in nominal terms was restated according to IAS 29 "Financial Reporting in Hyperinflationary Economies" with a corresponding adjustment to retained earnings. Through the General Meeting of Shareholders decision no. 1/27.04.2015 was approved the use of the amount known as "Inflation adjustment to share capital" having a value of RON 354,843 thousand to cover the accumulated accounting losses. Therefore, the Share capital should have been decreased to reflect the above mentioned operation.

As a consequence, the Share capital has been overstated and Retained earnings understated with the amount of RON 354,843 thousand. The Company reclassified in the statement of financial position the amount RON 354,843 thousand from Share capital to Retained earnings, by restating each of the affected financial statement line items for prior periods, the reclassification having no impact within the Equity caption.

The following table summarise the impact on the Group's consolidated financial statements:

### *Consolidated statement of financial position*

	<b>1 January 2017 as reported previously</b>	<b>1 January 2017 reclassifications</b>	<b>1 January 2017 as restated</b>
Share capital	3,814,242	(354,843)	3,459,399
Share premium	103,049	-	103,049
Treasury shares reserve	(75,372)	-	(75,372)
Pre-paid capital contribution in kind from shareholders	5,144	-	5,144
Revaluation reserve	104,681	-	104,681
Legal reserves	302,236	-	302,236
Retained earnings	1,429,908	354,843	1,784,751
<b>Total equity attributable to the owners of the Company</b>	<b>5,683,888</b>	<b>-</b>	<b>5,683,888</b>

## SOCIETATEA ENERGETICA ELECTRICA S.A.

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	<b>31 December 2017 as reported previously</b>	<b>31 December 2017 reclassifications</b>	<b>31 December 2017 as restated</b>
Share capital	3,814,242	(354,843)	3,459,399
Share premium	103,049	-	103,049
Treasury shares reserve	(75,372)	-	(75,372)
Pre-paid capital contribution in kind from shareholders	5,144	-	5,144
Revaluation reserve	123,748	-	123,748
Legal reserves	326,779	-	326,779
Retained earnings	1,357,966	354,843	1,712,809
<b>Total equity attributable to the owners of the Company</b>	<b>5,655,556</b>	<b>-</b>	<b>5,655,556</b>

**Chief Executive Officer**  
Georgeta Corina Popescu

**Chief Financial Officer**  
Mihai Darie

February 27<sup>th</sup>, 2019