



**Endorsed  
Board of Directors  
President  
Alexandru SĂNDULESCU**

## **DIVIDEND POLICY**

### **Applicable Legal Provisions**

SNN is a national company with majority state ownership. Thus, the profit distribution is consistent with the Government Ordinance 64/2001 regarding the profit distribution within national companies, national enterprises and companies with majority state ownership or wholly owned by the state and autonomous administration companies, as amended and supplemented. Thus, in accordance with GO 64/2001 the minimum distribution share of dividends amounts to 50% of the net profit remaining after the distributions specified in Article 1, paragraph (1) a) -e) of GO no. 64/2001. The legislative framework should be modified in the future by amending the legislation in force so that the minimum distribution share of dividends to be changed.

The provisions of GO 64/2001 establish a mandatory minimum distribution share of dividends. Thus, as long as the provisions of GO 64/2011 remain unchanged, the Company may propose to shareholders a dividend distribution rate of between 50% and 100% of the distributable profit. The share of profit to be distributed annually by the Company as dividends is subject to the approval by the General Meeting of Shareholders.

Thus, SNN records and pays dividends distributed of net profits only after approval of the annual financial statements by the General Meeting of Shareholders and of proposals for profit distribution.

### **The status of the dividends distribution over the last 3 years**

For the financial years 2012 and 2013, 85% and 85.16% of the net profit were approved to be allocated to dividends, as the government approved based on the Memorandum "*Measures to be considered when preparing income and expenditure budgets of business entities with capital or assets directly or indirectly owned by the state*", the obligation incumbent to the companies with majority state ownership or wholly owned by the state to distribute 85% of the profits allocated as dividends. For the financial year 2014, a 71.22% net profit percentage was approved to be distributed to dividends, thus observing the provisions of Article 1, paragraph (1) f) of the Government Ordinance 64/2001, as amended and supplemented. The proposal for dividend

distribution for the year 2015 takes into consideration a distribution rate of 70,10% from the distributable profit as per OG 64/2001.

### **Calculation and payment**

Dividends shall be distributed to the shareholders proportionally to their participation share to the subscribed and paid capital of the Company; each fully paid share entitles its holder to receive dividend. Details on ways of distribution of dividend, withholding of tax on dividend and payment are available on the website of the Company/Relationships with Investors section.

### **Principles to be considered when calculating dividends in the future**

In its proposals to the Annual General Meeting of Shareholders on dividend distribution rate in the future, the Board of Directors will consider the following criteria in the order presented below:

- Firstly, compliance with the requirements of GO 64/2001, including the minimum distribution rate of 50% of the distributable profits;
- Maintaining a balance between the need to compensate shareholders through dividend and the financing needs through the Company's own resources, including the ones required for investment projects;
- Correlation between the distributable profit to dividends and the monetary correspondence of distributable profit, i.e. that part of the distributable profit that has the monetary correspondence, after adjusting of non-cash items; This is intended in order to avoid Company's de-capitalization in case of a decoupling between the distributable profit to dividends and the monetary counterparty of profit;
- Possibility to ensure a dividend yield correlated with other similar listed companies, as well as a correlation of dividend per share in absolute value to that of the previous period. There is no guarantee that in the future these correlations shall be provided.

More information about dividends can be found in the Annual Reports available on the Company's website, Relationships with Investors/GMS section.

**Daniela LULACHE**  
CEO

**Mihai DARIE**  
CFO