



Transelectrica  
Compania Națională  
de Transport  
al Energiei Electrice

WE LEAD THE POWER

# TRANSELECTRICA

## 2009 results, 2010 outlook

Bucharest, March 29<sup>th</sup>, 2010





## disclaimer

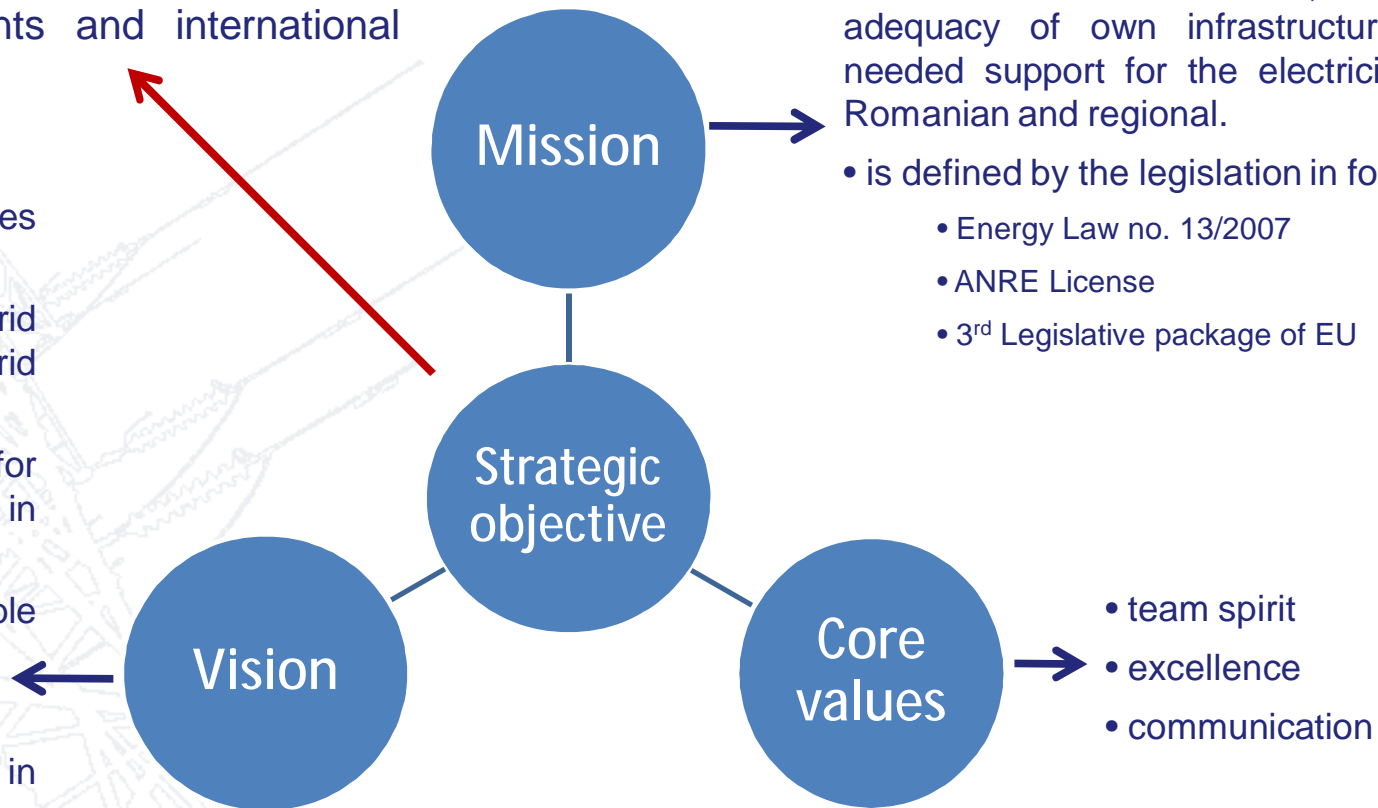
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# mission, vision, values

The **strategic objective** = to develop the transmission and system services/business in conditions of “first class” performance, both technical and financial, in line with regulatory requirements and international best practices

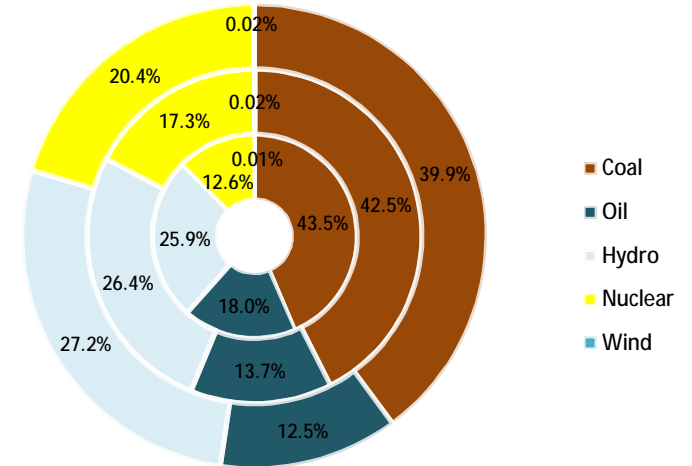
- high quality services provider
- National Power Grid developed in smart grid concept
- supplier number 1 for technical expertise in Romanian Power Grid
- predictable and profitable business
- best in class
- a prestigious company in Europe



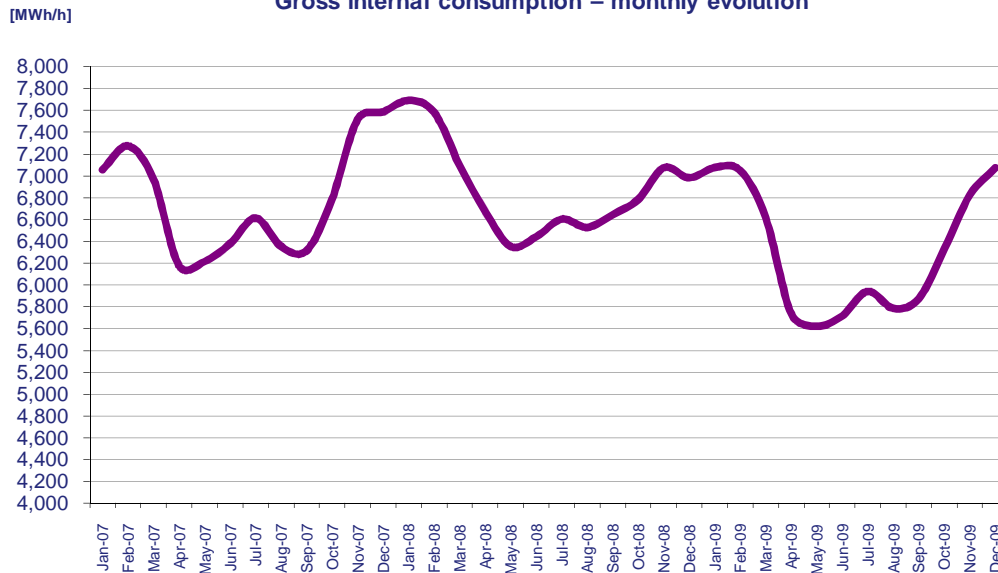


# input data

| Electricity generated [GWh] | 2007   | 2008   | 2009   | Weight in 09 [%] | 09/08 [%] |
|-----------------------------|--------|--------|--------|------------------|-----------|
| TOTAL :                     | 61.397 | 64.772 | 57.667 | 100,0            | ▼ 10,97   |
| -Coal                       | 26.711 | 27.531 | 22.996 | 39,88            | ▼ 16,47   |
| - Gas                       | 11.054 | 8.902  | 7.192  | 12,47            | ▼ 19,21   |
| - Hydro                     | 15.916 | 17.105 | 15.713 | 27,25            | ▼ 8,14    |
| - Nuclear                   | 7.709  | 11.223 | 11.752 | 20,38            | ▲ 4,71    |
| - Wind                      | 7      | 11     | 14     | 0.02             | ▲ 22,27   |



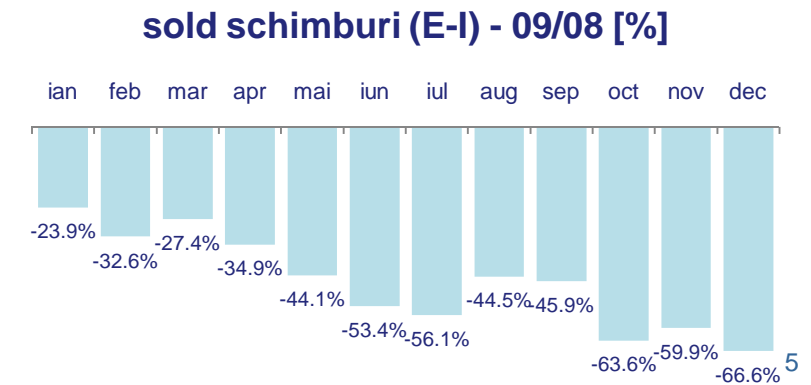
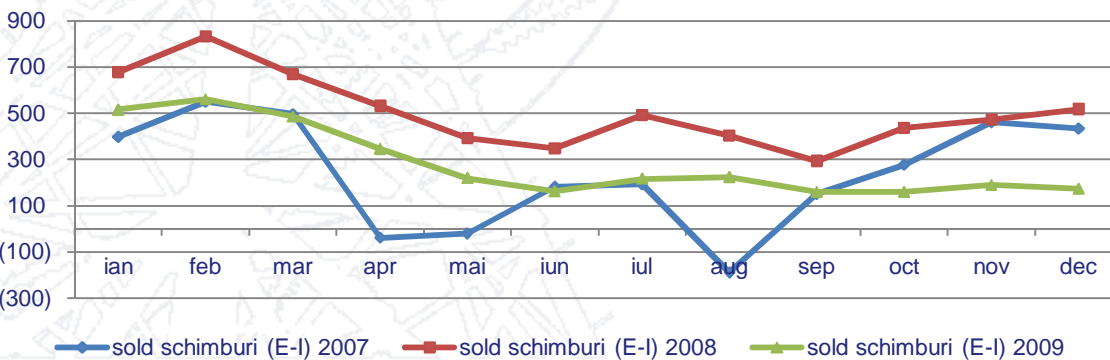
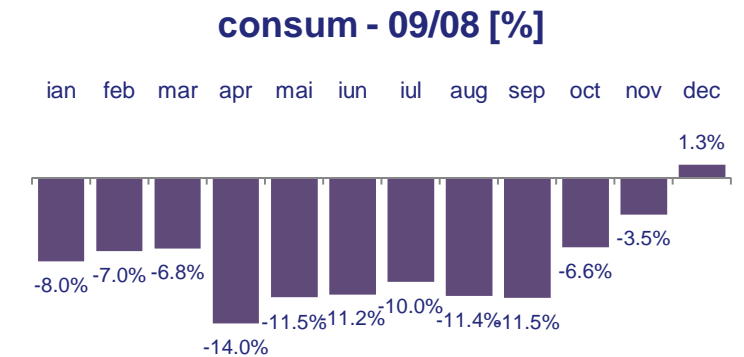
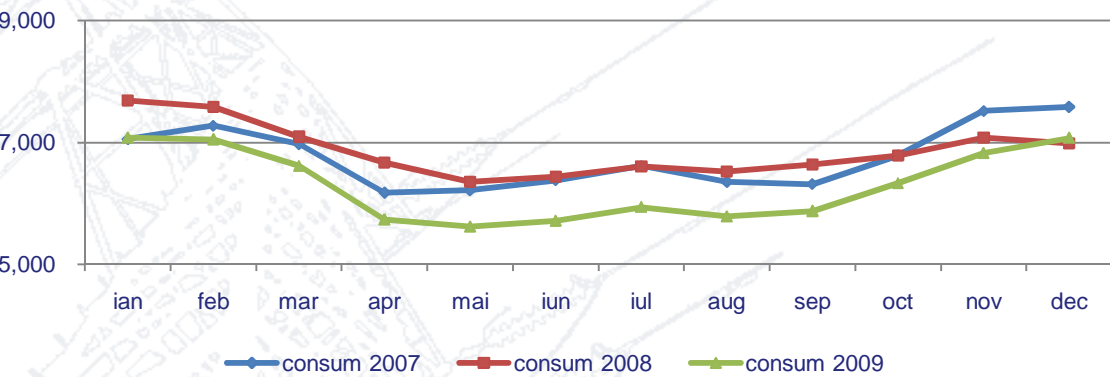
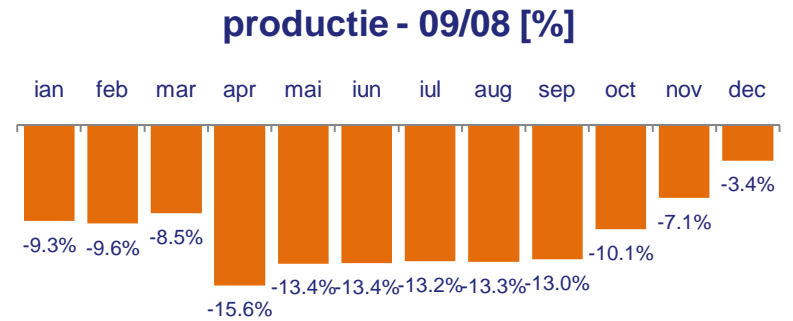
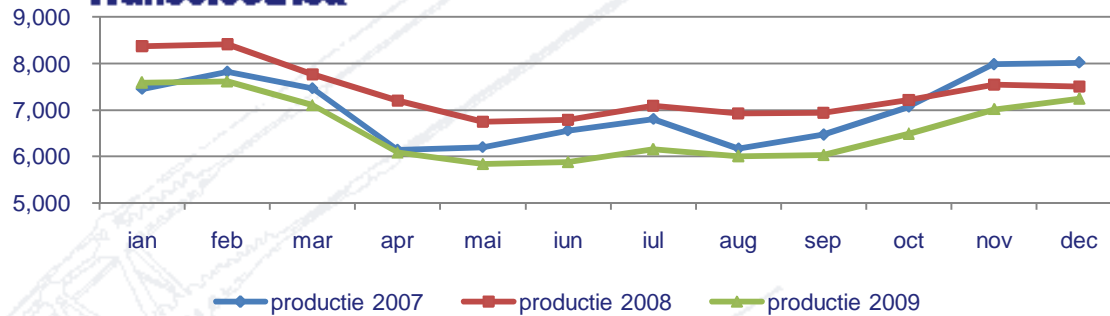
Gross internal consumption – monthly evolution



| Consumption [GWh]          | 2007   | 2008   | 2009   | 09/08 [%] |
|----------------------------|--------|--------|--------|-----------|
| Gross domestic consumption | 59.296 | 60.338 | 55.190 | ▼ 8,53    |



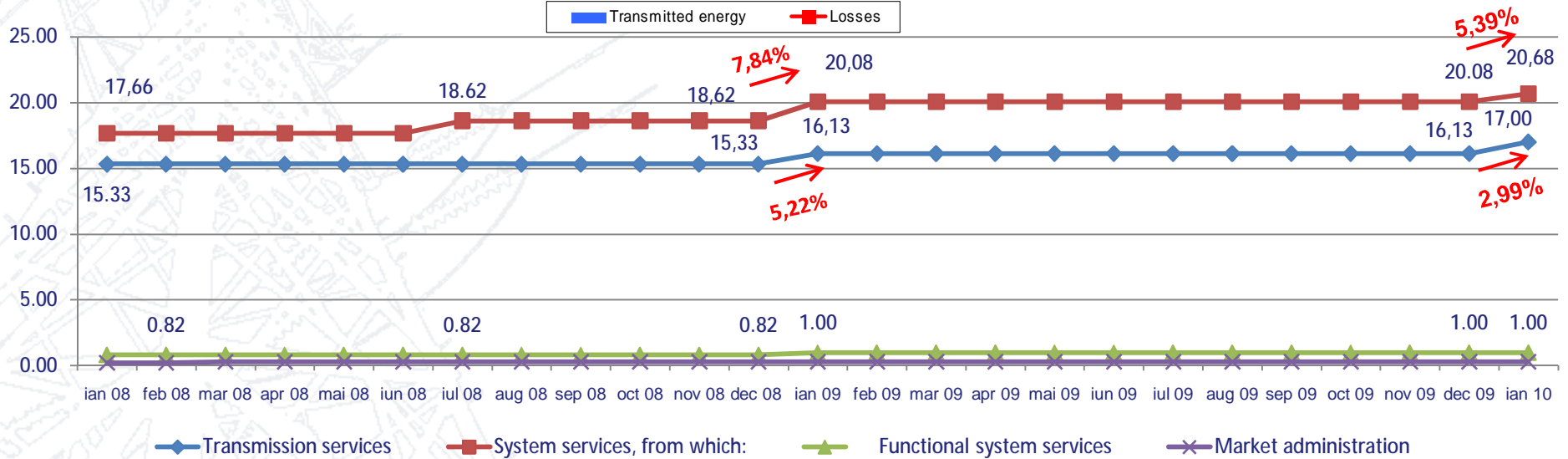
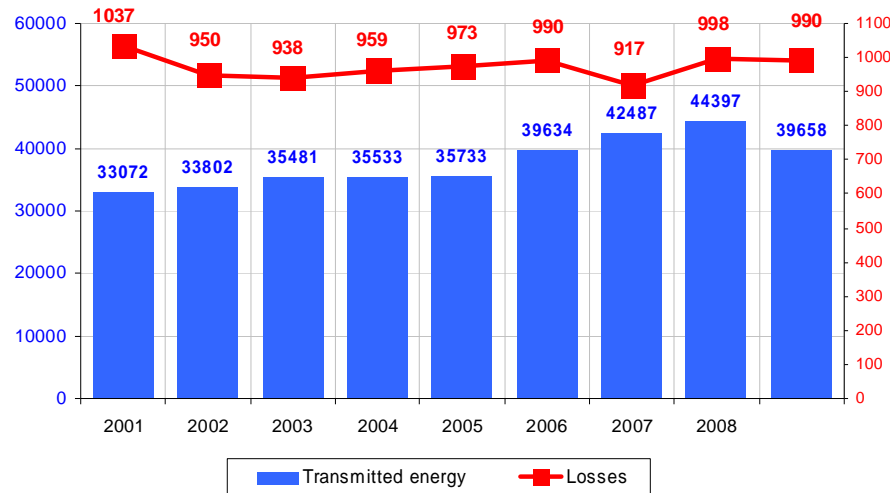
# the national electricity system





# operational activity

Transmitted energy and losses





## operational security

- due to the harsh weather conditions, a **severe event occurred in December 20<sup>th</sup>**, in Dobrogea area (Constanta and Tulcea), Further to the failure of four 400 kV electric lines and of some 110 kV lines, Dobrogea area was separated from the power system and was in blackout for 2,5 hours, The restoration of the Dobrogea power grid was based on Nuclear Power Unit No, 1 of Cernavoda Nuclear Power Plant (house load operation), The islanding operation of the Dobrogea area run for about 17 hours, until the first 400 kV electric lines fail back and until the area was synchronized with the power system,
- completion of the rehabilitation works within the Bucuresti Sud and Fundeni substations resulted in **cutting down the expenses for congestion management in Bucharest area in 2009** vs, 2008,
- commissioning the third 400/110 kV transformer in Domnesti substation (May 2009) and also the unit on combined cycle TA3 + TA4 Bucuresti vest substation (June 2009) meant the growth of production and **elimination of the origin of congestions** in the area,
- in order to meet the safety conditions, in 2009 selections for the congestions were conducted for the following months:
  - March, following the dismantling the 400 kV interconnection electric line Rosiori-Mukacevo due to maintenance works reasons
  - May and November for rehabilitation of the 220 kV Isalnita Substation
  - December- the power of the two nuclear units had to be reduced in order to maintain their steady-state due to severe meteorological conditions leading to repeated tripping of the lines discharging the power from the NPP Cernavoda



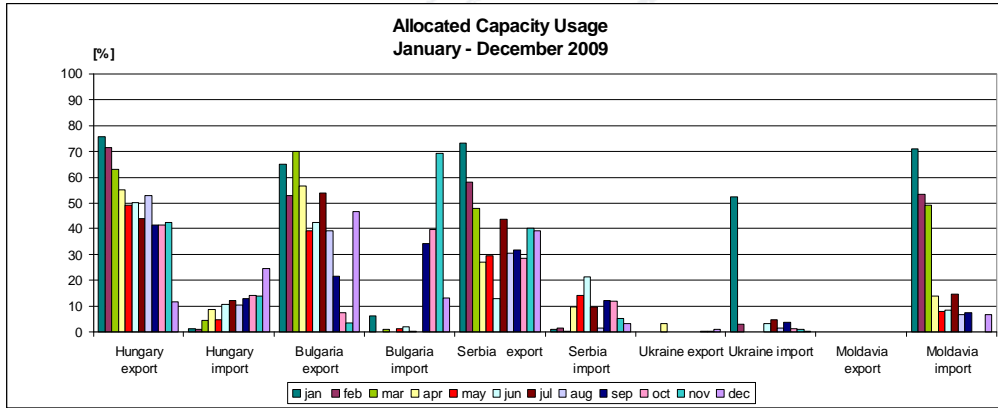
## quality indicators (technical)

| Indicator  | 2008          | 2009          | 2009/2008 [%]  |
|--|---------------|---------------|----------------|
| Average unavailability time for LEA and T/ AT                                |               |               |                |
| <b>LEA – INDLIN (hours/year) TOTAL</b>                                       | <b>445,68</b> | <b>372,84</b> | <b>▼ 16,34</b> |
| Unplanned (accidental)   | 6,70          | 4,79          | ▼ 28,51        |
| Planned  | 438,98        | 368,05        | ▼ 16,16        |
| <b>Trafo/AT – INDTRA (hours/year) TOTAL</b>                                  | <b>504,66</b> | <b>386,08</b> | <b>▼ 23,50</b> |
| Unplanned (accidental)   | 86,11         | 90,39         | ▲ 4,97         |
| Planned  | 442,47        | 295,69        | ▼ 33,17        |
| Energy undelivered to the consumers <b>ENS</b> following RET incidents [MWh] | <b>167,1</b>  | <b>69,3</b>   | <b>▼ 58,53</b> |
| Average interruption time – <b>TMI</b> [min/year]                            | 1,79          | 0,81*         | ▼ 54,80        |

\* Using the estimated final consumption for 2009

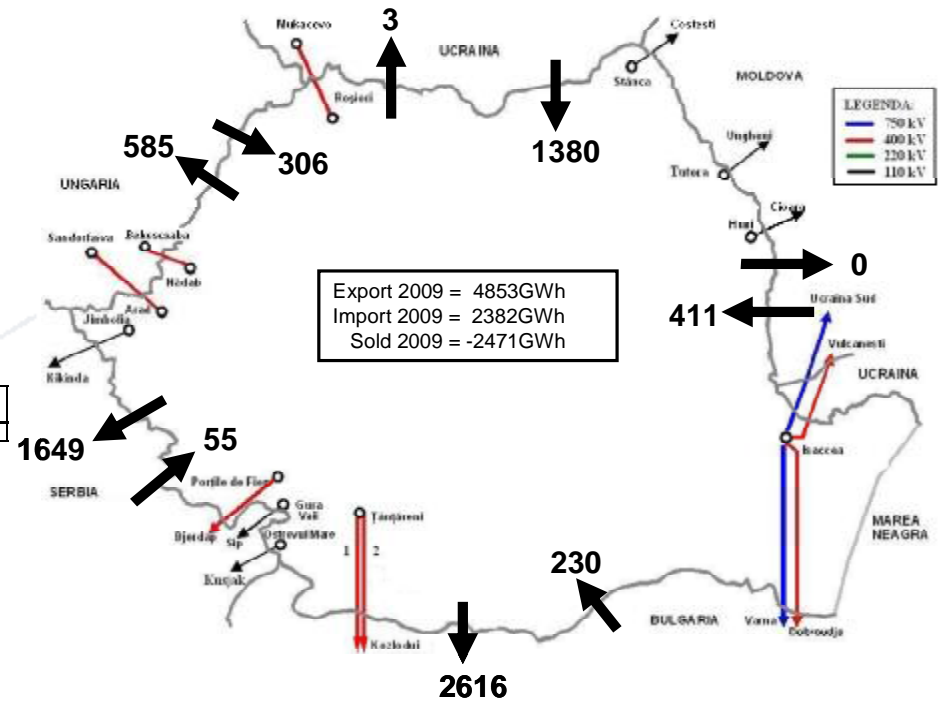


# interconnection capacity allocation



| [%]     | Hungary export | Hungary import | Bulgaria export | Bulgaria import | Serbia export | Serbia import | Ukraine export | Ukraine import | Moldavia export |
|---------|----------------|----------------|-----------------|-----------------|---------------|---------------|----------------|----------------|-----------------|
| average | 49.92          | 9.95           | 41.51           | 13.95           | 38.54         | 7.68          | 0.44           | 5.96           | -               |

## Physical exchanges in 2009



- **Coordinated allocation** (public data on [www.ope.ro](http://www.ope.ro)):

- **RO-HU** border: bilateral allocation yearly, monthly; from 2010 also daily; intra-day in progress;
- **RO-BG** border: from 01.04.2010 bilateral allocation monthly and daily; from July 2010 also intra-day;
- **RO-RS** border: under discussion.



# RET development & impact of renewables

- **Grid Development Masterplan 2008-2012**

- October 2009 – approved by Ministry with prior approval by ANRE
- **Main objectives:**
  - RET adequacy
  - long and medium term investment plan of TSO and market participants correlated
  - local opportunities for RET connection, interconnection lines development

- **Renewable connection**

**Projects with solution study > 10.000 MW**

**Connection contract signed**

| Grid Operator             | Total installed power [MW] |
|---------------------------|----------------------------|
| Transelectrica            | 600                        |
| Enel Distribuție Dobrogea | 662                        |
| Electrica Muntenia Nord   | 359                        |
| EON Distribuție Moldova   | 1,7                        |
| Enel Distribuție Banat    | 1,8                        |
| <b>TOTAL</b>              | <b>1.652</b>               |

**Grid Connection Permit issued**

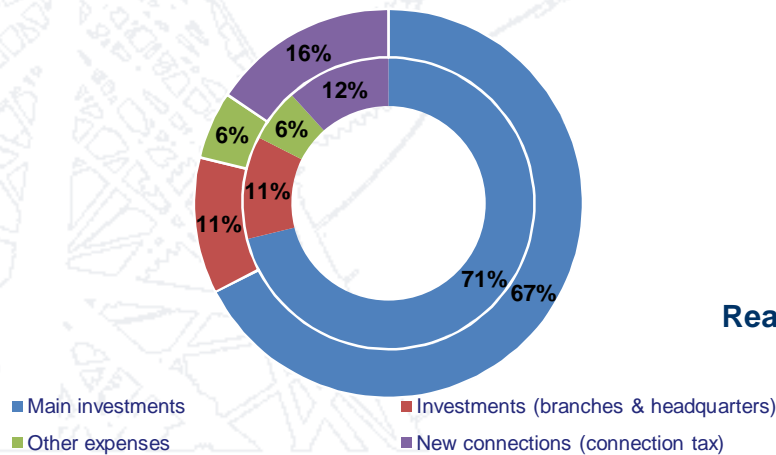
| Issuer                      | Total installed power [MW] |
|-----------------------------|----------------------------|
| Transelectrica              | 2.269                      |
| Enel Distribuție Dobrogea   | 1.186                      |
| Electrica Muntenia Nord     | 150                        |
| Electrica Transilvania Nord | 5                          |
| EON Distribuție Moldova     | 245                        |
| Enel Distribuție Banat      | 249                        |
| <b>TOTAL</b>                | <b>4.099</b>               |



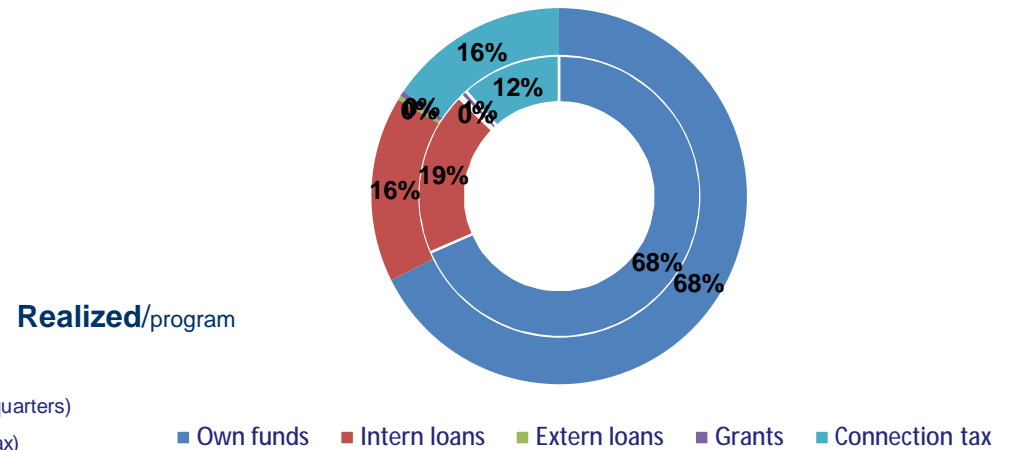
# investments

| Investment expenses                   | Program/<br>Realized | Investment expenses [mii lei, without VAT] |           |              |              |        |                |
|---------------------------------------|----------------------|--|-----------|--------------|--------------|--------|----------------|
|                                       |                      | TOTAL,<br>from which                       | Own funds | Intern loans | Extern loans | Grants | Connection tax |
| TOTAL, from which:                    | Program              | 367,915                                    | 251,925   | 69,550       | 1,290        | 2,600  | 42,550         |
|                                       | Realized             | 372,298                                    | 251,912   | 59,414       | 1,290        | 1,781  | 57,901         |
| MAIN INVESTMENTS                      | Program              | 261,271                                    | 189,431   | 69,550       | 1,290        | 1,000  | 0              |
|                                       | Realized             | 251,163                                    | 189,431   | 59,414       | 1,290        | 1,028  | 0              |
| INVESTMENTS (branches & headquarters) | Program              | 42,166                                     | 42,166    | 0            | 0            | 0      | 0              |
|                                       | Realized             | 42,160                                     | 42,160    | 0            | 0            | 0      | 0              |
| OTHER                                 | Program              | 21,928                                     | 20,328    | 0            | 0            | 1,600  | 0              |
|                                       | Realized             | 21,074                                     | 20,321    | 0            | 0            | 753    | 0              |
| NEW CONNECTIONS (connection tax)      | Program              | 42,550                                     | 0         | 0            | 0            | 0      | 42,550         |
|                                       | Realized             | 57,901                                     | 0         | 0            | 0            | 0      | 57,901         |

Investments - realized vs. program



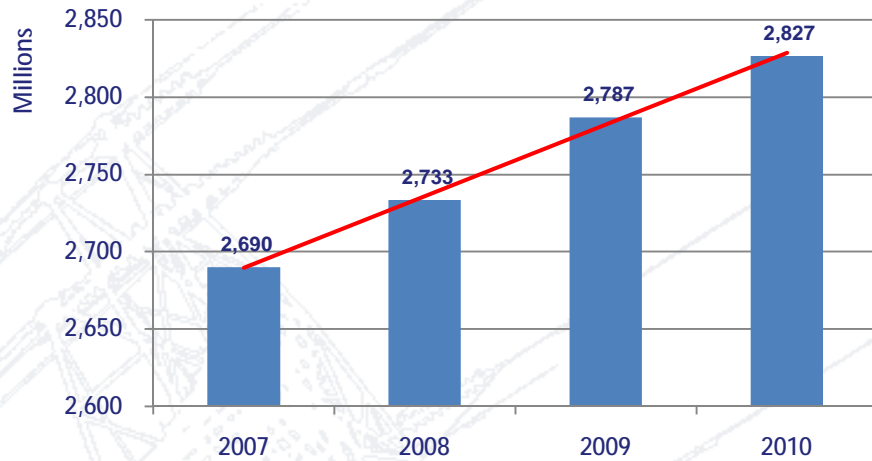
Funding sources - realized vs. program



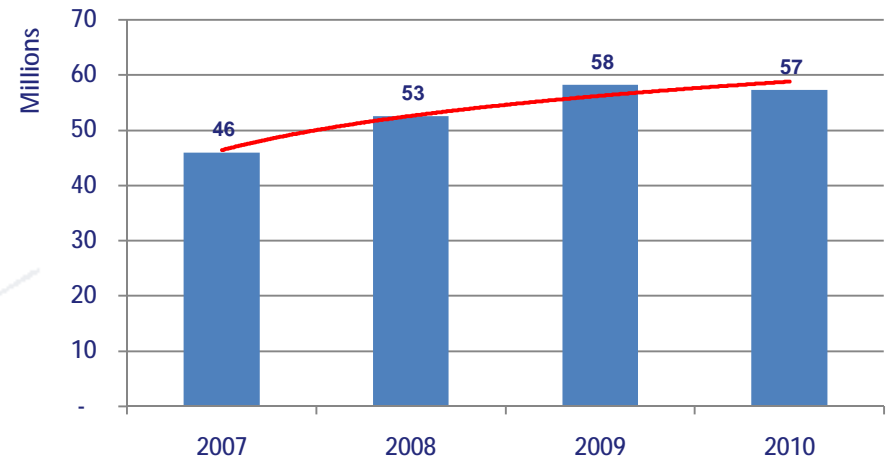


# RAB evolution

RAB - transmission



RAB - system services

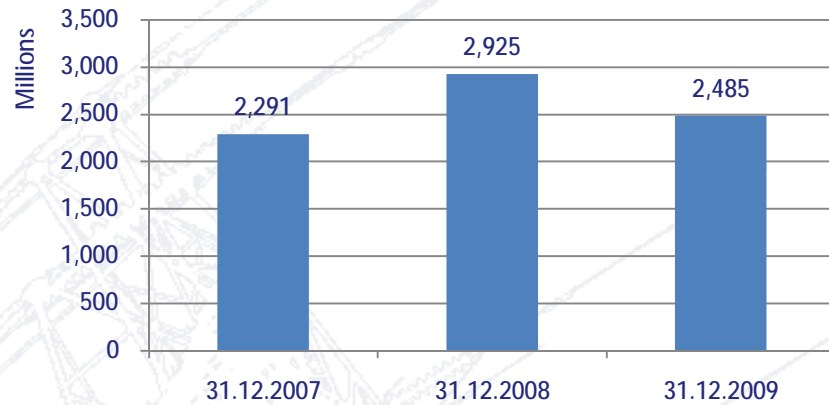


| RON million  | Total           | 2008          | 2009          | 2010          | 2011          | 2012          |
|--|-----------------|---------------|---------------|---------------|---------------|---------------|
| Investments (commissioned, included in 2008-2012 tariff) | <b>1,415,78</b> | <b>274,57</b> | <b>237,16</b> | <b>293,72</b> | <b>317,88</b> | <b>292,45</b> |
| <b>2<sup>nd</sup> regulatory period (5 years)</b>        |                 |               |               |               |               |               |

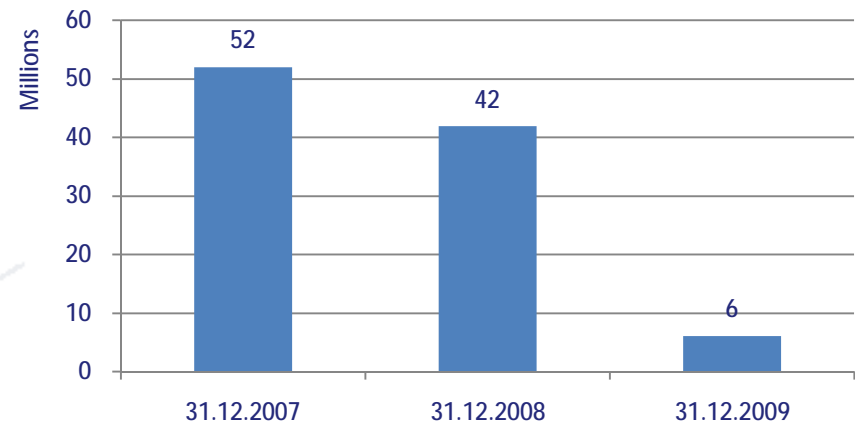


# operational activity – financial analysis (1)

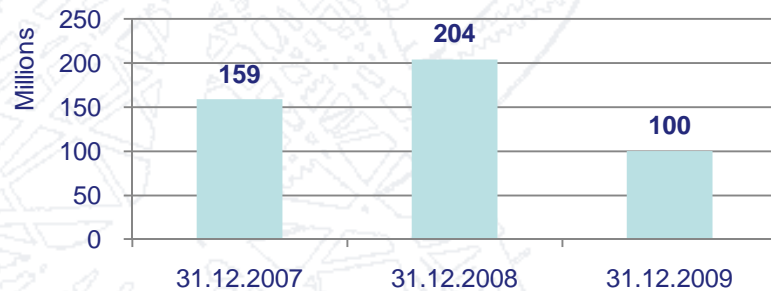
### Net turnover



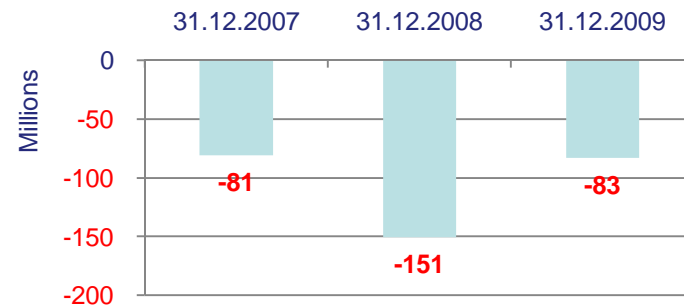
### Net profit



### Operating profit



### Financial loss

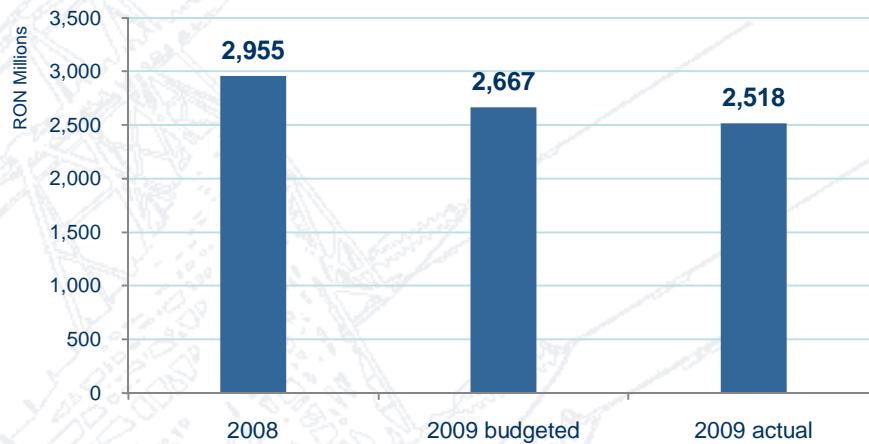


unconsolidated figures

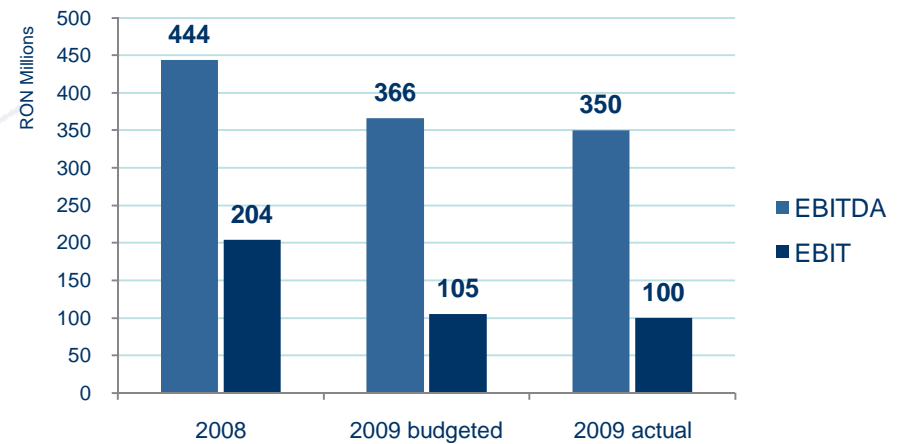


## operational activity – financial analysis (2)

### Operating revenue



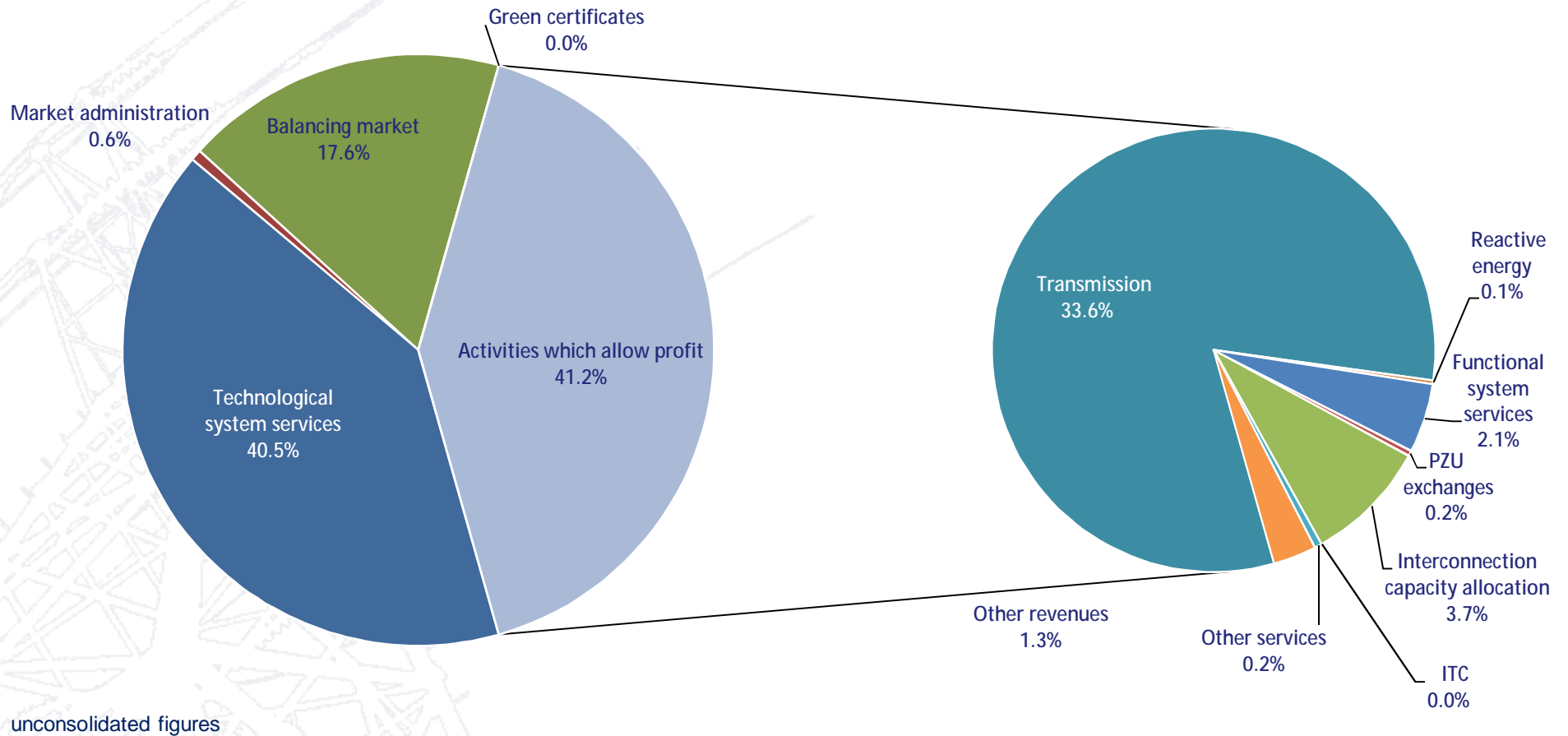
### Operating profit



unconsolidated figures



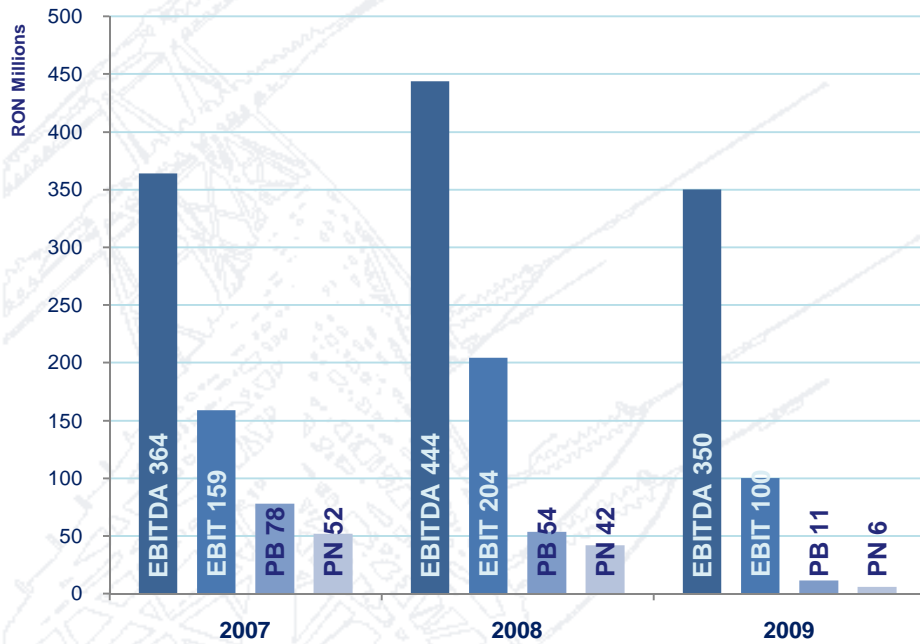
# 2009 operational activity – revenue breakdown



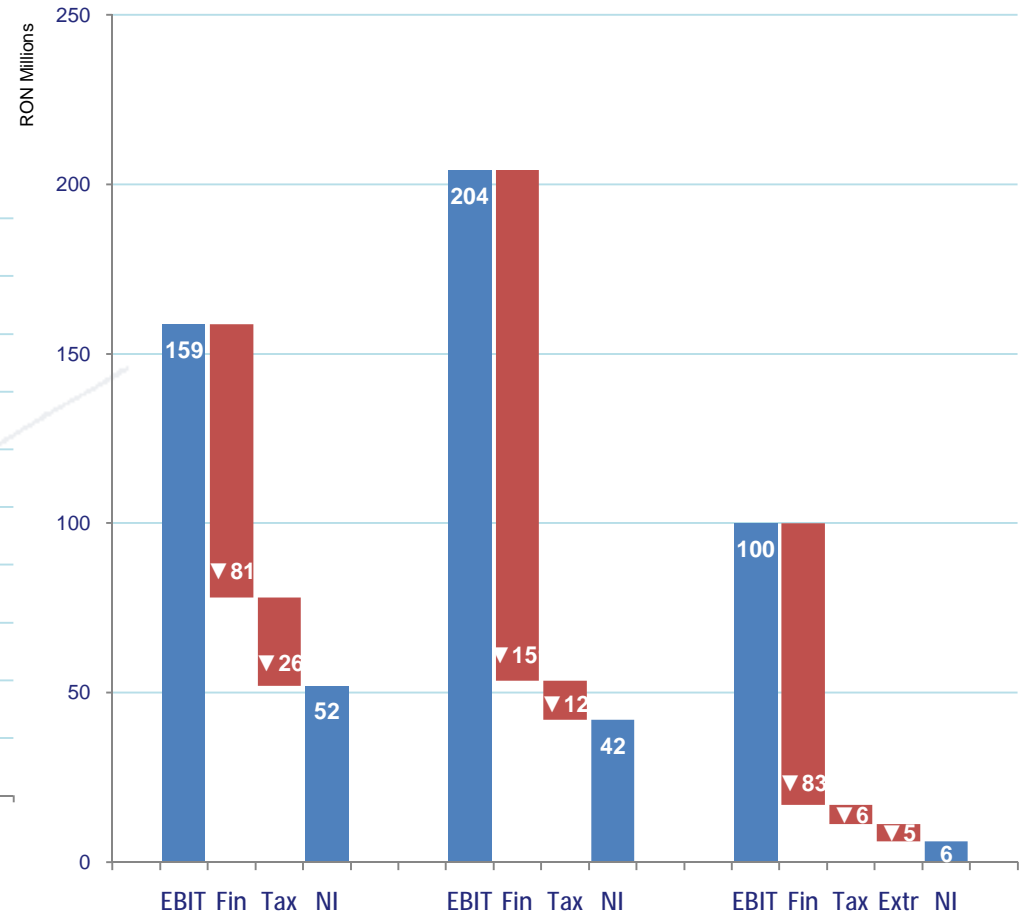
unconsolidated figures



# indicators & profit breakdown



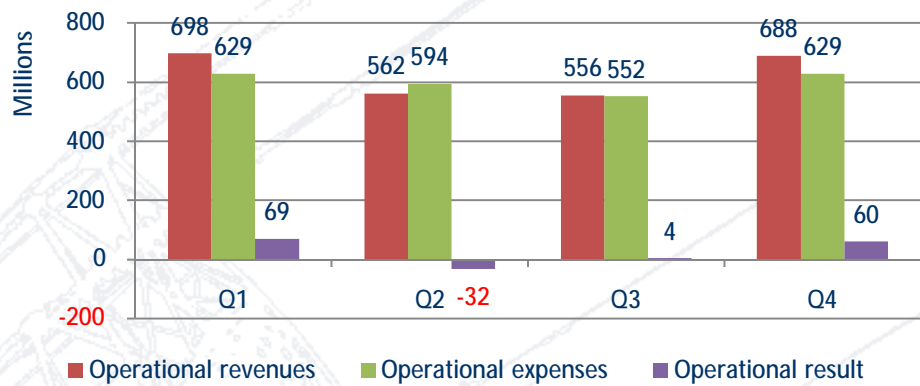
unconsolidated figures



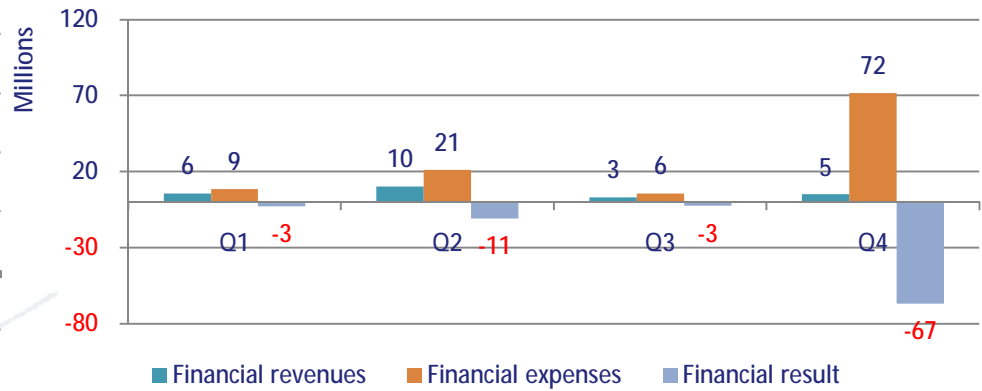


# P&L – quarterly dynamics

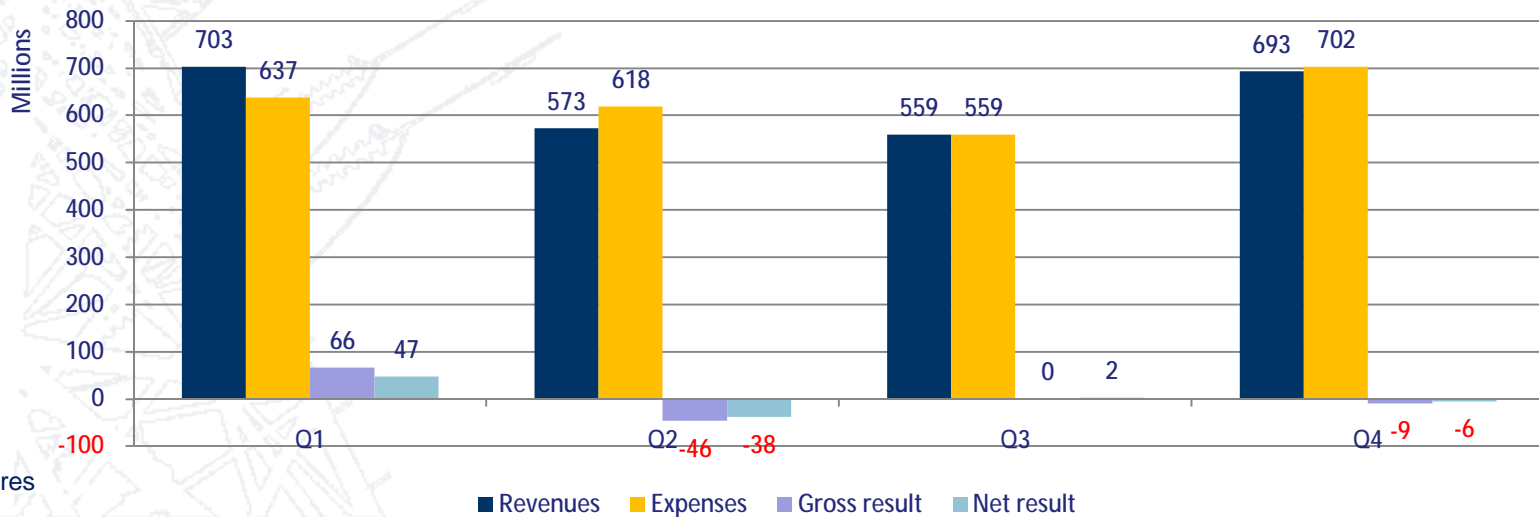
## Operational



## Financial



## TOTAL



unconsolidated figures



# key indicators (individual)

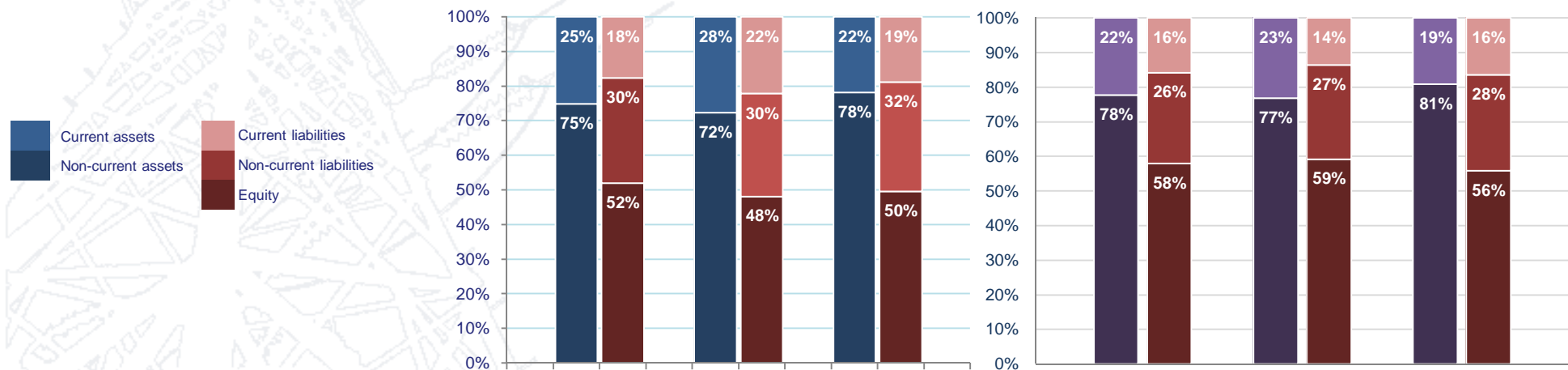
| Indicators                    | Computation formula   | 2007 | 2008 | 2009 |
|-------------------------------|---|------|------|------|
| <b>Gross operating margin</b> | $\frac{\text{EBITDA}}{\text{Turnover}} * 100$                                   | 15,9 | 15,2 | 14,1 |
| <b>Net operating margin</b>   | $\frac{\text{EBIT}}{\text{Turnover}} * 100$                                     | 6,9  | 7,0  | 4,0  |
| <b>Pre-tax margin</b>         | $\frac{\text{EBT}}{\text{Turnover}} * 100$                                      | 3,4  | 1,8  | 0,5  |
| <b>Net margin</b>             | $\frac{\text{Net Income}}{\text{Turnover}} * 100$                               | 2,3  | 1,4  | 0,2  |
| <b>Current ratio</b>          | $\frac{\text{Current assets}}{\text{Current liabilities}}$                      | 1,45 | 1,28 | 1,17 |
| <b>Quick ratio</b>            | $\frac{\text{Current assets} - \text{inventories}}{\text{Current liabilities}}$ | 1,40 | 1,24 | 1,12 |

| Indicators                             | Computation formula  | 2007  | 2008 | 2009 |
|--|--|-------|------|------|
| <b>Earnings per share (RON)</b>        | $\frac{\text{Profit available to equity shareholders}}{\text{Average number of issued equity shares}}$ | 0,71  | 0,57 | 0,08 |
| <b>Dividends per share (RON/share)</b> | $\frac{\text{Dividends paid to equity shareholders}}{\text{Number of issued equity shares (EOY)}}$     | 0,36  | 0,30 | 0,05 |
| <b>Dividend yield (%)</b>              | $\frac{\text{Annual Gross DPS}}{\text{Market share price (EOY)}}$                                      | 0,9   | 2,7  | 0,4  |
| <b>Dividend payout ratio (%)</b>       | $\frac{\text{Dividends paid to equity shareholders}}{\text{Net Income}}$                               | 51    | 52   | 60   |
| <b>Price/earnings ratio (x)</b>        | $\frac{\text{Market share price (EOY)}}{\text{Earnings per share}}$                                    | 56    | 20   | 169  |
| <b>Dividends (RON m)</b>               |  | 26,4  | 22,0 | 3,7  |
| <b>Share capital (RON m)</b>           |  | 733   | 733  | 733  |
| <b>Market value (RON m)</b>            | Market price per share (EOY) x No. of shares   | 2,932 | 806  | 990  |



# balance sheet

| [RON m]                               | Consolidated (IFRS) |              |              | Stand-alone (RAS) |              |              |
|---------------------------------------|---------------------|--------------|--------------|-------------------|--------------|--------------|
|                                       | 31.12.2007          | 31.12.2008   | 31.12.2009   | 31.12.2007        | 31.12.2008   | 31.12.2009   |
| Non-current assets                    | 2,750               | 2,905        | 3,006        | 3,161             | 3,308        | 3,409        |
| Current assets                        | 927                 | 1,115        | 839          | 903               | 1,076        | 809          |
| <b>TOTAL ASSETS</b>                   | <b>3,677</b>        | <b>4,020</b> | <b>3,845</b> | <b>4,065</b>      | <b>4,384</b> | <b>4,219</b> |
| Equity                                | 1,911               | 1,935        | 1,905        | 2,355             | 2,372        | 2,357        |
| Non-current liabilities               | 1,098               | 1,184        | 1,215        | 1,067             | 1,163        | 1,169        |
| Current liabilities                   | 668                 | 901          | 725          | 643               | 849          | 692          |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>3,677</b>        | <b>4,020</b> | <b>3,845</b> | <b>4,065</b>      | <b>4,384</b> | <b>4,219</b> |

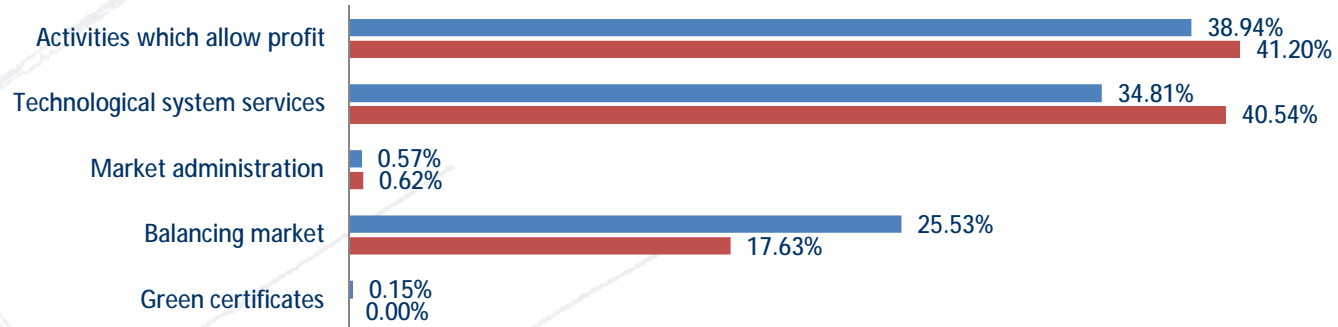




# revenues - analysis

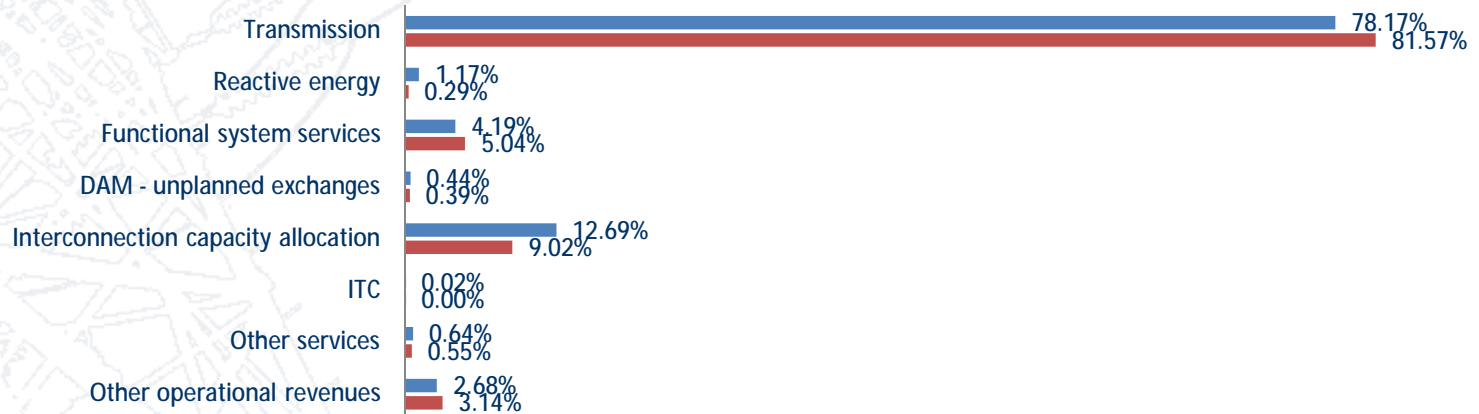
## Operational

■ 2008 ■ 2009



## From activities which allow profit

■ 2008 ■ 2009

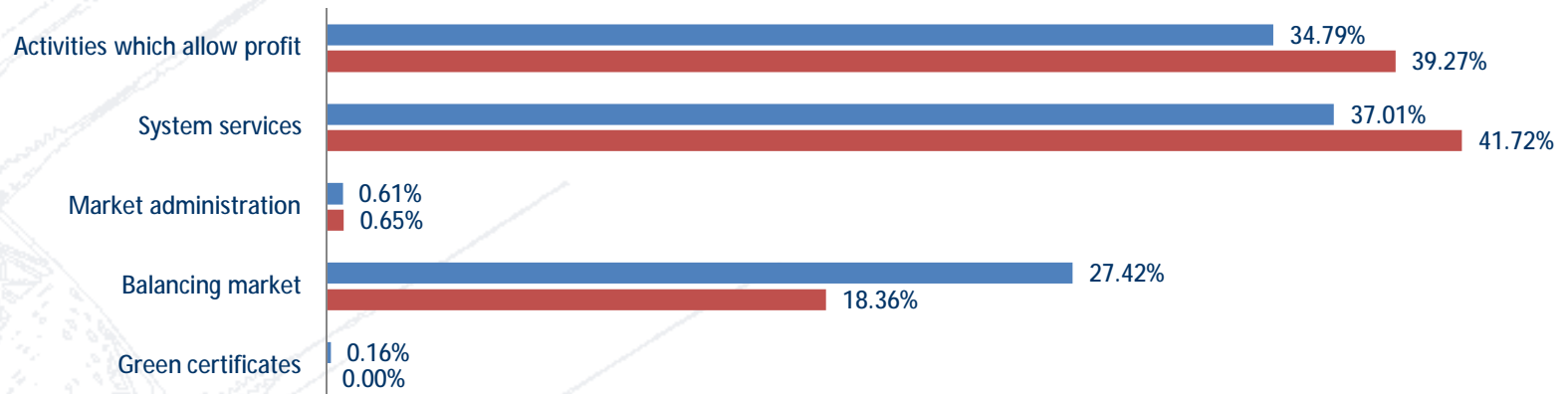




# expenses - analysis

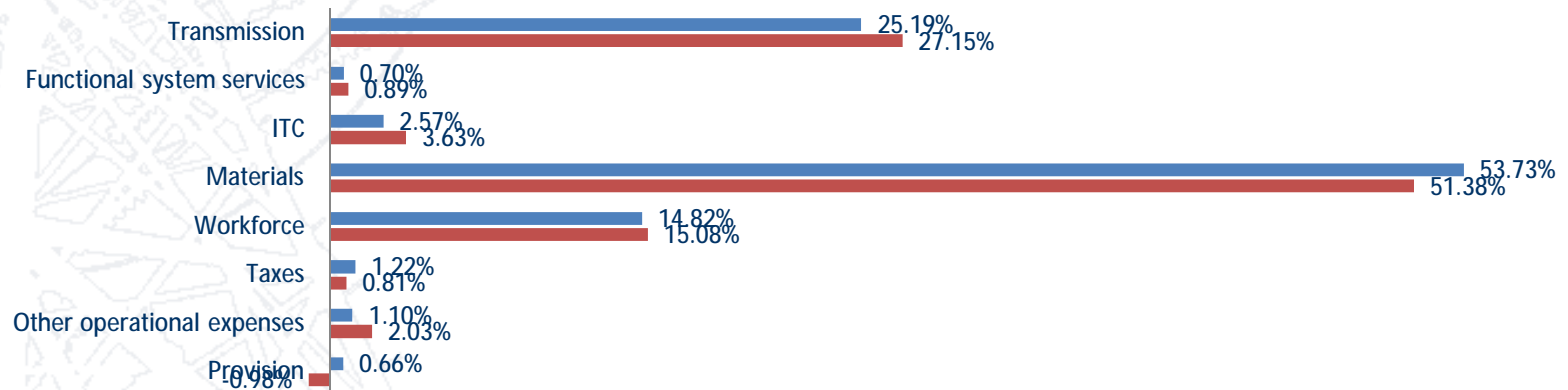
## Operational

■ 2008 ■ 2009



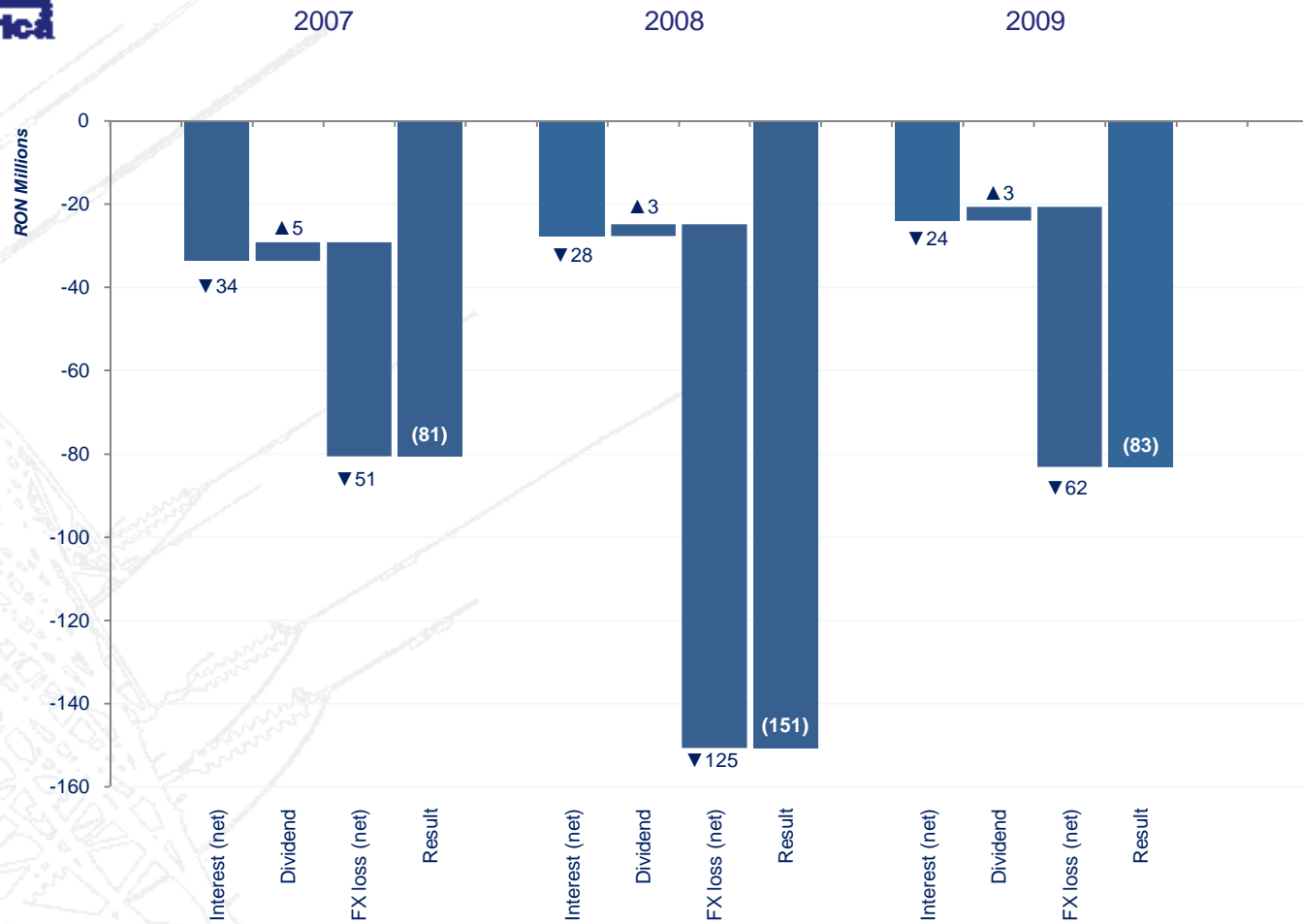
## Activities which allow profit

■ 2008 ■ 2009





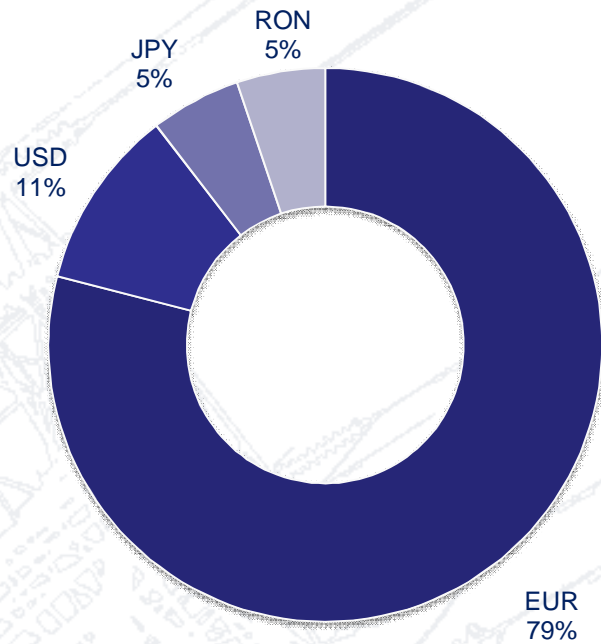
# financial result (1)



unconsolidated figures

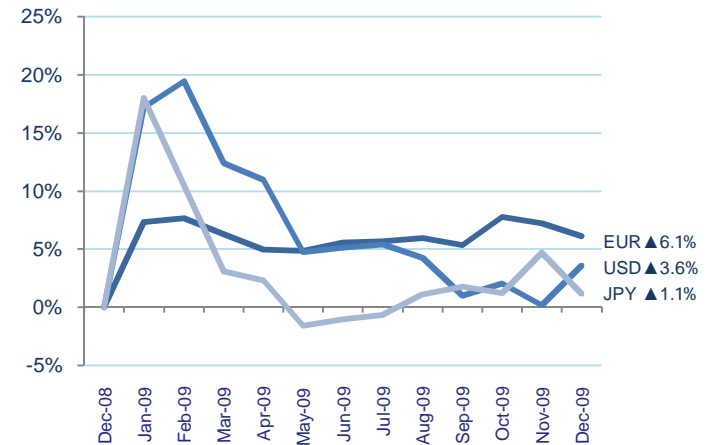


# financial result (2)



| Currency | 31.12.2007 | 31.12.2008 | 31.12.2009 |
|----------|------------|------------|------------|
| EUR      | 3.6102     | 3.9852     | 4.2282     |
| USD      | 2.4564     | 2.8342     | 2.9361     |
| 100 JPY  | 2.1766     | 3.1419     | 3.1778     |

Exchange rates evolution



|                        | 2007 | 2008  | 2009 |
|------------------------|------|-------|------|
| Long term debt [RON m] | 947  | 1,011 | 947  |
| Debt to Equity [x]     | 0.50 | 0.52  | 0.50 |

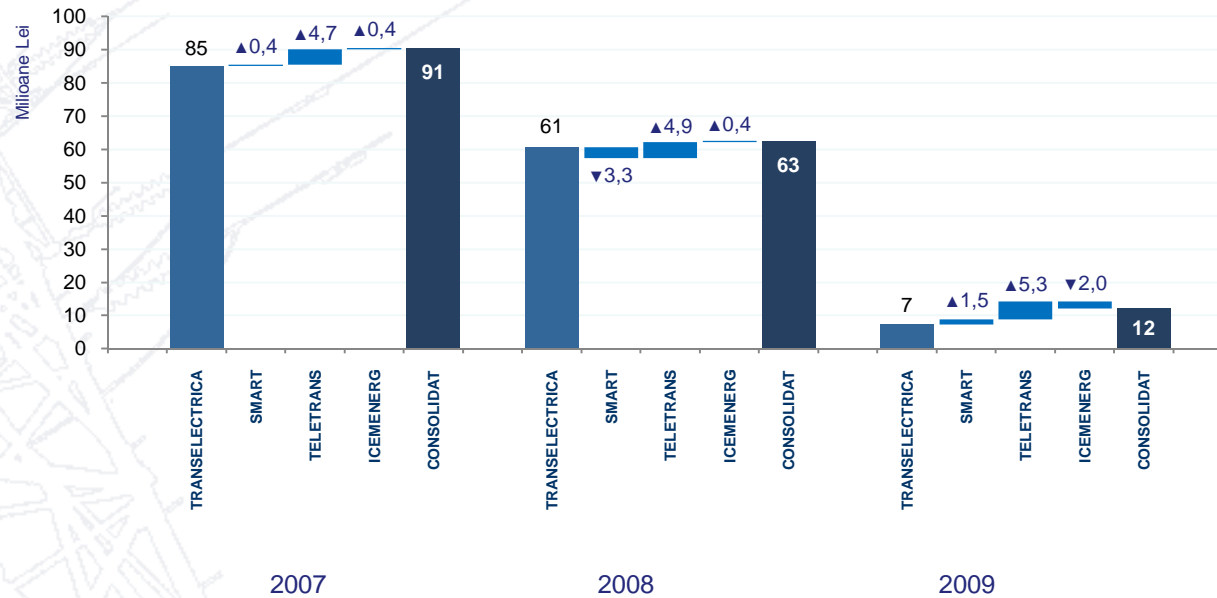
consolidated figures

| Agency  | Current rating | Outlook  | Last change | Comment         |
|---------|----------------|----------|-------------|-----------------|
| Moody's | Baa3           | Negative | 09.09.2009  | Contract closed |
| S&P's   | BB+            | Negative | 30.10.2008  |                 |



# subsidiaries' contribution

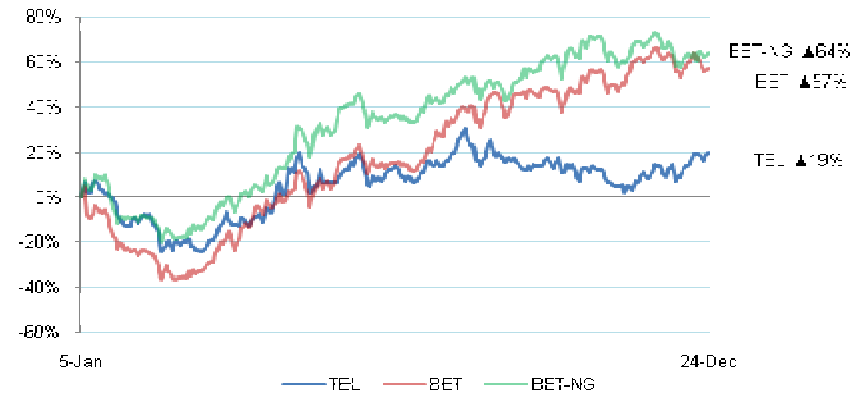
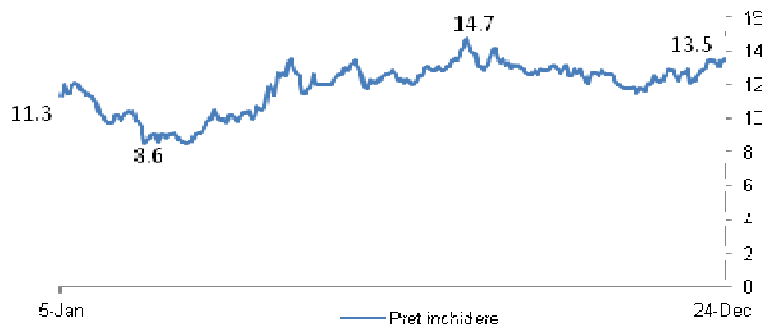
| Gross profit<br>[RON '000] | 2007          |               | 2008          |               | 2009          |               |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                            | Amount        | %             | Amount        | %             | Amount        | %             |
| TRANSELECTRICA             | 85,070        | 93,89         | 60,647        | 96,87         | 7,368         | 60,83         |
| SMART                      | 398           | 0,44          | -3,306        | -5,28         | 1,467         | 12,11         |
| TELETRANS                  | 4,724         | 5,21          | 4,886         | 7,80          | 5,312         | 43,89         |
| ICEMENERG                  | 412           | 0,46          | 381           | 0,61          | -2,038        | -16,83        |
| <b>TOTAL</b>               | <b>90,604</b> | <b>100,00</b> | <b>62,608</b> | <b>100,00</b> | <b>12,113</b> | <b>100,00</b> |





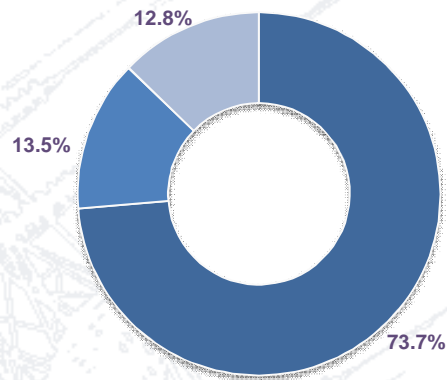
# TEL share evolution

| Year | Close price [RON/share]/date |             |                   |                    | Annual volume [traded shares] | Market capitalization (last day) [RON m] |
|------|------------------------------|-------------|-------------------|--------------------|-------------------------------|--|
|      | First day                    | Last day    | Low               | High               |                               |  |
| 2006 | 22,80/22.08                  | 33,80/19.12 | 22,80/22.08       | 34,50/10.10        | 5.447.909                     | 2.477,65                                 |
| 2007 | 36,00/03.01                  | 40,00/21.12 | 30,30/23.11       | <b>49,30/07.05</b> | 7,404,361                     | 2.932,13                                 |
| 2008 | 38,60/03.01                  | 11,00/23.12 | 10,90/27.10       | 39,30/04.01        | 6,997,259                     | 806,33                                   |
| 2009 | 11,30/05.01                  | 13,50/24.12 | <b>8,55/17.02</b> | 14,70/11.08        | 4.979.748                     | 989,59                                   |

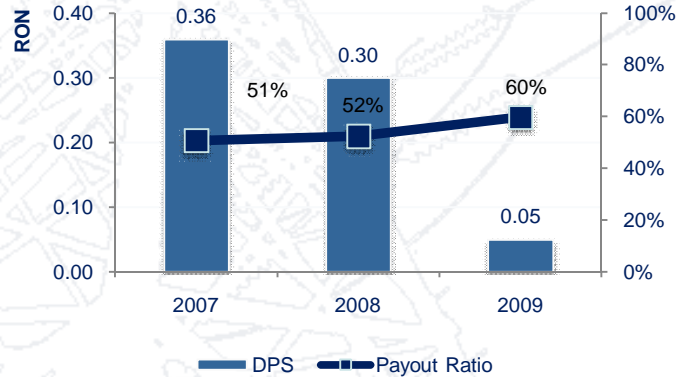




# shareholders & dividends



| Shareholder                         | 01.01.2009        | 31.12.2009        | %               |
|-------------------------------------|-------------------|-------------------|-----------------|
| <b>Government</b>                   | 54,045,781        | 54,015,781        | 73.6882         |
| <b>"Proprietatea" Fund</b>          | 9,895,212         | 9,895,212         | 13.4990         |
| <b>Free-float (&lt;5% holdings)</b> | 9,392,149         | 9,392,149         | 12.8127         |
| <b>TOTAL</b>                        | <b>73,303,142</b> | <b>73,303,142</b> | <b>100.0000</b> |



|                         | 2007       | 2008       | 2009       |
|-------------------------|------------|------------|------------|
| <b>Net income (RON)</b> | 52,043,832 | 41,943,077 | 6,135,590  |
| <b>Dividend (RON)</b>   | 26,389,131 | 21,990,943 | 3,665,157* |
| <b>Payout ratio (%)</b> | 51%        | 52%        | 60%        |
| <b>DPS (RON)</b>        | 0.36       | 0.30       | 0.05*      |

\*proposed



## corporate governance

- **TEL = a Responsible Company:**
  - for operational safety and electricity transmission
  - for grid infrastructure development
  - for market operation
  - for the environment
  - for people
  - for society
- **TEL Corporate Governance Regulation – approved by General Shareholder Assembly**
  - Statement “**Apply or Explain**” issued even not yet mandatory
- **Administration Board & Committees**
- **Internal Audit**
- **Social Responsibility**



# 2010 outlook (1)

## Electricity forecast validated by ANRE

| Month        | Net domestic consumption [GWh] | Import-Export [GWh] | Net electricity production [GWh] |
|--------------|--------------------------------|---------------------|----------------------------------|
| January      | 4,701                          | -167                | 4,868                            |
| February     | 4,321                          | -167                | 4,488                            |
| March        | 4,505                          | -167                | 4,671                            |
| April        | 3,840                          | -167                | 4,006                            |
| May          | 3,934                          | -167                | 4,100                            |
| June         | 3,884                          | -167                | 4,051                            |
| July         | 4,057                          | -167                | 4,224                            |
| August       | 4,088                          | -167                | 4,255                            |
| September    | 4,075                          | -167                | 4,242                            |
| October      | 4,266                          | -167                | 4,432                            |
| November     | 4,445                          | -167                | 4,611                            |
| December     | 4,646                          | -167                | 4,813                            |
| <b>TOTAL</b> | <b>50,762</b>                  | <b>-2004</b>        | <b>52,761</b>                    |

## Annual budget (draft)

| No. | Item [RON]              | 2009 [actual]       | 2010 [budgeted]     | Chg [%] |
|-----|-------------------------|---------------------|---------------------|---------|
| 1.  | Operating revenue       | 2,517,734,934       | 2,712,744,000       | ▲8%     |
| 2.  | Operating expenses      | (2,417,709,347)     | (2,665,375,106)     | ▲10%    |
| 3.  | <b>Operating income</b> | <b>100,025,587</b>  | <b>47,368,894</b>   | ▼53%    |
| 5.  | Financial revenue       | 24,148,351          | 27,000,000          | ▲12%    |
| 6.  | Financial expenses      | (107,270,510)       | (63,868,894)        | ▼40%    |
| 7.  | <b>Financial result</b> | <b>(83,122,159)</b> | <b>(36,868,894)</b> | ▼56%    |
| 8.  | Total revenue           | 2,541,883,285       | 2,739,744,000       | ▲8%     |
| 9.  | Total expenses          | (2,530,626,752)     | (2,729,244,000)     | ▲8%     |
| 10. | <b>Pre-tax income</b>   | <b>11,256,533</b>   | <b>10,500,000</b>   | ▲17%    |
| 11. | <b>Net income</b>       | <b>6,135,590</b>    | <b>4,424,000</b>    | ▼28%    |

unconsolidated figures



## 2010 outlook (2)

- **CAPEX Plan**

  - Ø RON 500m, of which RON 102m raised from Grid Connection Fees

- **New bank loan to fund investment – EUR 65m, mainly for special area Dobrogea**

- **Interconnection – main projects (interconnection lines: completion of feasibility studies)**

  - Ø RO – RS

  - Ø RO – MD

  - Ø RO – TR (HVDC)

- **Completion of restructuring & privatization of subsidiaries**

  - Ø Icemenerg

  - Ø Icemenerg Service

  - Ø Formenerg

- **Other strategic projects**



## next events

### Event

### Date

**Annual General Shareholder Meeting**

**29.04.2010**

Results Q1 2010 – RAS – unaudited

14.05.2010

Results H1 2010 – RAS – unaudited

13.08.2010

Results H1 2010 – IFRS – audited (limited revision)

07.09.2010

Analyst, broker and investor meeting – results H1 2010

09.09.2010

Results Q3 2010 – RAS – unaudited

11.11.2010



**q? & a!**

**Do you have any questions?**



**We would be happy to help,**



## Thank you for your attention!

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