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FINANCING SOLUTIONS OF THE INVESTMENT PLAN FOR RET TRANSELECTRICA 2021 – 2025

September 2021

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Executive Summary

Financing the Investment Program

- For the 2021 – 2025 time interval Transelectrica has an investment plan total amounting to 3,734 RONm. The projects are under various execution stages and aim at (i) increasing the interconnection capacity with neighbouring countries, (ii) enhancing the grid in deficit areas corroborated with increasing the electricity discharge capacity from the regions where the electricity output of renewable sources is under-sized as compared to existent generation capacities (the country’s south-eastern region), (iii) investments meant to increase the safety & security of the national power system (SEN), (iv) refurbishments etc.;
- The Investment Programme will be financed by an optimum combination from one’s own sources and loans (bank loans and/or bonds). To establish such optimum combination the Company takes into account the cost of shareholders’ equities, the cost of borrowed capitals and their share in the structure of capitals so that shareholders can benefit of maximum return. The terms of reference of such loans intend maturities ranging from 5 to 15 years, without securities;
- In terms of the currency to take credits with, the Company intends a defensive approach of the finance mode. Thus regardless which financing method is selected the total financial costs will be taken into account (interest cost, analysis fees, drawing, specific consultancy, possible impact by exchange rate differences etc.) with minimum risks;
- As regards the structure of the project portofolio, four major projects were identified (in terms of value, strategic importance and complexity) which can be financed by loans from **International Financial Institutions**. In this category we include the World Investment Bank (BEI), European Bank for Reconstruction and Development (EBRD) and the World Bank by IFC, Romanian subsidiary. All the other projects, more in number and smaller in size can be financed by **completion credits** under the cloak of syndicated loans from several banks, where the IFI can also participate;
- Also to complete the financing sources and optimise capitals, an option is to initiate a MTN - Medium Term Notes program providing some benefits, as described in this material. Such programme can be tailored so as to enable, any time the cash funds requires, launching a bond emission covering the financing needs. As a matter of fact Transrlectrica can rely on a very good relationship developed in time with BVB.

Executive Summary

The Company's indebtedness capacity

The Company has one of the lowest indebtedness in comparison with other European TSO-s. In fact in historical terms the Company has the lowest ratio of loans to shareholders' equities. Consequently in order to keep within the risk limits agreed by rating agencies and possible financiers (**4** x EBITDA) the Company can comfortably sustain a net debt up to 2,200 mill Lei.

Financing mix

To finance its investment program (3,734 RONm) the Company will resort to loans amounting to 850 RONm, aiming at drawing EU funds or similar in sum of 827 RONm, and the difference of 2,057 RONm will be constituted from equity. Thus, financing bank credits and/or corporative bonds will represent 23% of total sources, European funds and similar will represent 22%, and the 55% difference - equity.

Financing the subsidiaries of Transelectrica

- Transelectrica's subsidiaries (SMART SA, TELETRANS SA and Formenerg SA) are companies registering variations in the their working capital as any other company active in the respective sectors of activity, having also their own investment plans (to replace their existent outfits / endowments / equipment) and development as well;
- Traditionally and from a lack of understanding for financial principles, except for SMART SA subsidiaries did not resort to bank loans in any circumstance although their situation required it, thus depriving shareholder Transelectrica of potential dividends;
- Consequently the Company's vision is to optimise the subsidiaries' cash flows by introducing a "cash pooling" mechanism (liquidity management) which provides the following benefits:
    - Transelectrica finances the current capital and investment plans, with obvious effects of subsidiary development;
    - Financing costs under the market price since Transelectrica has a different risk profile compared to subsidiaries. Interest costs and revenues will be optimised;
    - No securities are needed to third parties, as they will be taken by Transelectrica;
    - The liquidity excess / deficit will be settled every day;

Lessons learned from past experience

- Fixed interest credits provide the possibility to know from the very beginning all credit costs during its entire life. Selecting a fixed interest can have positive effects in case the inter-bank reference rates have ascending trends;
- Anticipated repayment of a fixed interest credit is in general penalised by proper fee (in other words, the decision to pay in advance a loan with fixed interest generates penalty costs). They are generated by the commitments the bank concludes with its own financiers and the bank's protection measures for such credit;
- In the credit structure the credit terms taken by Transelectrica were prevailingly of fixed interest and their share increased as the variable credits were reimbursed;
- Variable interest credits presuppose an interest related to a reference index (ROBOR or EURIBOR) which is added a fixed spread requested by the bank. Reference rates are variable, and are determined by the macro economic terms of that moment. The bank spread remains fixed during the entire credit life;
- In comparison with fixed interest credits, in such circumstances by the parties' agreement it is possible to repay in advance the credit or parts thereof. Penalty costs are significantly lower than in case of fixed interest credits and are limited to the bank's administrative costs;
- In general credits were secured by state securities (added to the public debt) or by pledged receivables. Credit security in general occurs when the borrower has high risk (weak financial performance, low liquidity and creditworthiness, inferior position with rating agencies, high risk shareholder, etc.).

Financing options for Transelectrica

Bank credit

- One of the most important external sources of investment financing is the bank credit. Crediting as financial operation is integrated in the long-term financing process because usually the credit occurs as complementary resource to cover projects accomplished by investments;
- The amounts can be provided by bank financial institutions seated in Romania or abroad. In their turn they are classified as International Financing Institutions (IFI), Investment Banks, Commercial Banks, being the most important;
- The maturity of such loans can exceed 10-15 years (the Company will have to take into account that most assets from the investment plan are more than 30 years old).

Corporative bonds

- Corporative bonds are credit titles, receivables issued for the mid- and long-term by trading companies with final reimbursement on due date, consisting of the payment of the last coupon and a lump sum called nominal value, which provides a fixed annual revenue (interest) to holders;
- Bonds are accessible only to a little number of enterprises, namely those providing enough guarantee for such a commitment;
- Such instruments have maturity from 5 to 7 years;
- They can be issued on the local market in functional currency or on the international markets, denominated in Euro or American dollar;
- If issued on the international markets (London, Paris, Luxembourg, Dublin) there is a minimum threshold for investors' interest. The minimum threshold is around 250 mill. Euros;
- Bonds issued in RON presuppose an emission prospectus and its endorsement by the Financial Supervision Authority (ASF);
- In case of bonds issued on an European market the prospectus (in case of public placement), namely the financing documentation (in case of private placement) shall be made as per the English law and ASF is notified thereof;
- The type of placement (i) private – the number of investors is below 100 – will follow simplified procedure where investors make their own assessments and of course placements, (ii) public – the offer is made public for the entire capital market, and subscription is visible;
- Emission and payment programs turn corporative bonds into permanent capital in a company's financing structure because they can be repaid and issued again at the same time, any time there is need.

Bank Credit vs. Corporative Bonds

	Bonds	Credits
Loan amount	The value of the bond emission has to be considerable (50-100 mill EUR) so that it can be attractive enough to be sold on a capital market. If one takes into consideration multiple emissions each lot shall be similarly considerable (50-100 mill EUR), for the same considerations as above.	The amount and time of credit contracting can be tailored to the Company's financing needs. In case of larger investments an agreement can be sought or a syndicated transaction.
Due date	In Romania corporative bonds have maturity around 7 years (only EBRD bonds have 10 years' maturity), as higher maturities are quite difficult to launch on the Romanian market.	Bank credits can have 10-15 years' maturities.
Cost of financing - interest	Usually interest is fixed and, historically speaking, lower than the credits'. However under the current terms when interest diminish on the bank market and market liquidity grows, such statement can no longer be true. The interest is not usually negotiated with investors, being determined in accordance with received offers.	It can be fixed or variable with an adjustment mechanism. It is usually related to the inter-bank rate of the currency approved for such credit.

Bank Credit vs. Corporative Bonds

	Bonds	Credits
Fees	The bond emission is associated with a series of fees: subscription, registration, rating agency etc.	In case of credits fees are usually limited to: assessment, granting or anticipated repayment. Administration fees can be also met.
Bank financial conditions	Usually financial conditions associated to bonds are less exacting.	Financial conditions associated to credits are strict and rigorously monitored.
"Due diligence"	The consulting company will work with the issuer company on the emission prospectus and investors will make their own valuation / analysis without transmitting the analysis costs to the issuer. The costs associated to "due diligence" necessary for prospectus elaboration will be borne by the issuer company.	Financiers make their own detailed risk and conformity analysis depending on the project complexity, with one's sources or engaged. Such costs are transferred to the borrower as a rule.
Drawings	Usually the borrowed amount as bonds is fully drawn upon subscription the Medium Term Note can enable instalment drawings if the borrowed sum is large enough), and the interest accrues even if the money is not used.	Credit drawings can be tailored in accordance with the cash needs until the concurrence of the approved amount.
Monitoring / reporting	The issuer is monitored and reporting will comply with the capital market regulations, the market where the company is listing the bonds.	Strict monitoring on behalf of the creditor.

Bank Credit vs. Corporative Bonds

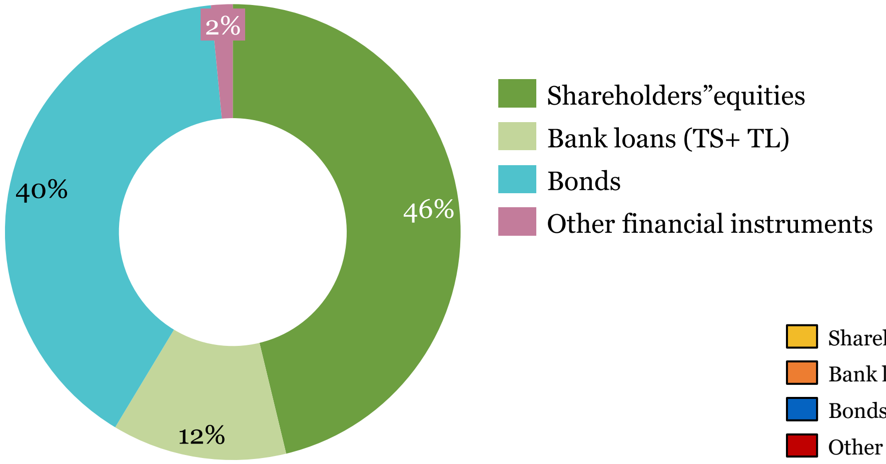
	Bonds	Credits
Repayment	Usually the borrowed amount in bond form is fully repaid upon due date. There are also bonds that follow a repayment scheme similar to credits, but it all depends on the investors' appetite for such instruments (in Romania bond with gradual reimbursement are new). The financing risk can be significant.	Flexible repayment method tailored to the company's needs, including the grace period and full reimbursement upon maturity.
Guarantee	Unsecured – no mortgage assumed or pledged receivables and/or additional costs to valuate certain assets;	They can be secured or unsecured depending on the financier's requirements and his analysis on the borrower's credit risk. In case of secured credits additional costs can occur for asset valuations and mortgage registration in the Land Registry. At present Transelectrica's credit portfolio has no more credits contracted with state security but only with indemnity from other banks (e.g. BNP Paribas, Bucharest Branch).

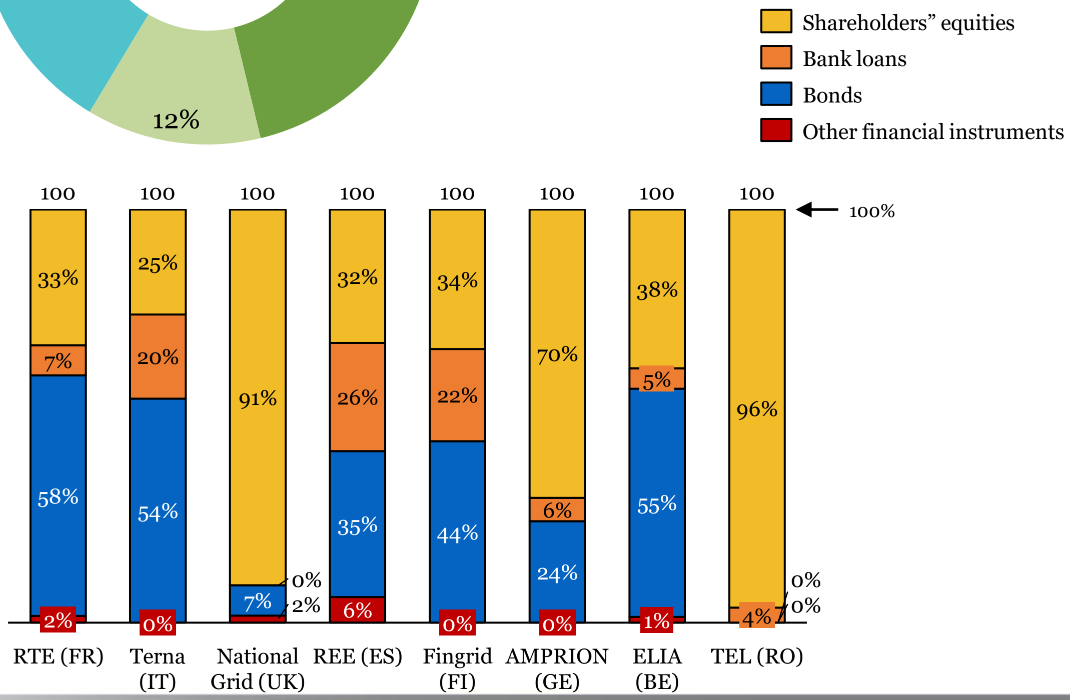
Other Transmission Operators

- Examining the capital structure in the average the other transmission system operators are financed from own sources at 46% and 40% from corporative bonds;
- One can also notice bank loans represent only 12% of the financing structure;
- In comparison Transelectrica is 96% financed from equity and 4% represents bank loans.

Conclusion

- Taking into account the costs of shareholders' equities vs borrowed costs of capital, for Transelectrica we can conclude to date the Company has inefficient financing as compared to other TSO-s.





Indebtedness capacity (present and future)

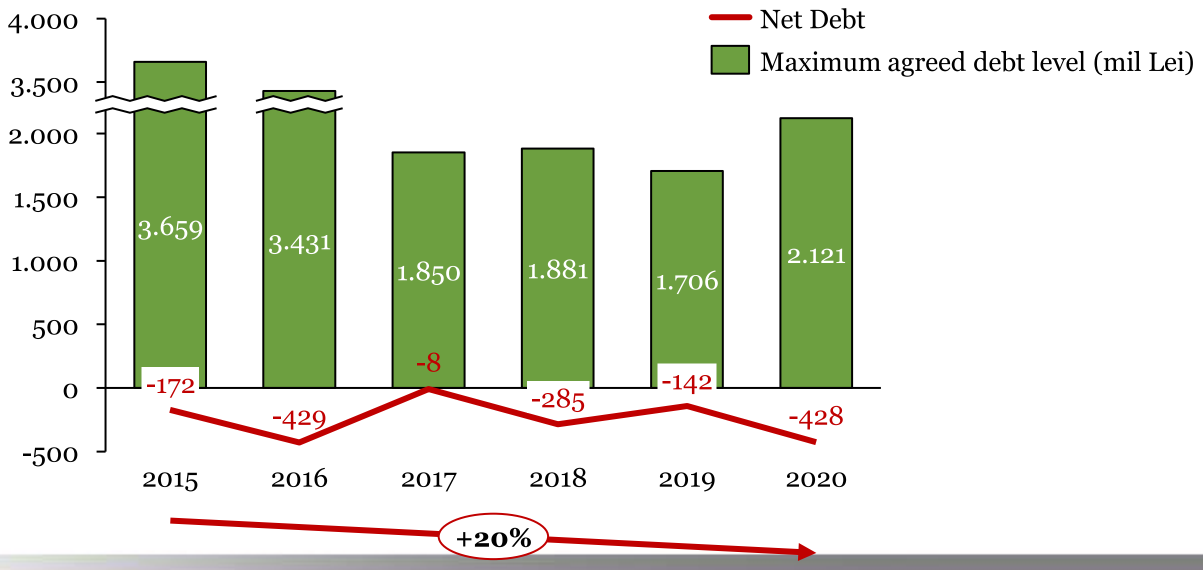
- The prudential norms of creditors and the capital market overall (by its analysts) establish the extent to which a company can get indebted. Beyond such level the company goes in a risk area, which is sanctioned both by creditors and by the capital market;
- In case of Transelectrica the maximum indebtedness extent it can reach is established in the existing loan contracts by means of indicators (financial terms). Essentially they refer to:
  - Net debt / EBITDA: **Max 3.5**
  - Long-term loans / shareholders' equities: **Max 0.95**
- In historical terms the Company was below the maximum indebtedness level which it could reach. Thus if we take as example 2020 we notice the net debt was -427.6 RONm (company cash in sum of 554.0 RONm is higher than the bank debt amounting to 126.4 RONm, compared to a theoretical debt level that could have been drawn in sum of 2,121 RONm).

- In terms of rating agencies (Fitch, Moody's, S&P) the debt should be limited to:
  - Fitch 5x Net debt / EBITDA
  - S&P 5x Net debt / EBITDA
  - Moody's o combination of indicators

Note: EBITDA (earnings before interest, taxes, depreciation and amortisation) = profit before interest, income tax, depreciation and amortisation. The indicator is provided in the loan contracts with IEB.

- In fact the European Central Bank (ECB) provides clear explanations on the maximum debt level a financier can accept. Such level is established at 4 x EBITDA ;

- In conclusion, taking into account the values the Company recorded for 2020 financial year when EBITDA was 447.6 RONm, and net debt was -427.6 RONm (negative value), the maximum debt Transelectrica can draw amounts to 2,200 RONm. Consequently in 2021-2025 Transelectrica can have debt up to about 2,200 RONm and stay within the comfort limits universally agreed on financial markets.



Credit opinions – Transelectrica vs Other TSO

- According to the opinion of Moody's Transelectrica is in the "non investment-grade" area, category Ba1 positive, one "notch" below the country's rating; on 25 August 2021 Moody's maintained its credit opinion as last year, namely Ba1 with positive outlook;
- The credit opinion is important in relation with financiers and not only them (lower cost of financing, lower securities required);
- In terms of credit risk Transelectrica is below the credit risk of TSO-s in studied countries;
- In Moody's perspective and of other rating companies', the factors that can change the credit opinion are: (i) the majority shareholder's decisions to request higher dividends, which would lead to Company de-capitalisation, (ii) frequent changes in the Directorate & Supervisory Board membership, which can contribute to delays of the Company's long-terms objectives, (iii) reduction / worsening of the country rating, (iv) significant changes with material impact in the regulatory framework.

Rating Agency (2021)	**Moody's**	**S&P**	**Fitch**
Transelectrica (RO)	Ba1, positive	-	-
Terna (IT)	Baa2, stable	BBB+, stable	
RTE (FR)	-	A, stable	-
50 Hertz		BBB+, stable	
Amprion (GE)	Baa1, negative		BBB+, stable
National Grid (UK)	Baa2, stable	BBB+	BBB, stable
Elia (BE)	-	BBB+, stable	-
REE (ES)	-	A-, stable	A-, stable
Fingrid (FI)	-	AA-, stable	A+, stable

Moody's	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca		C	-	
S&P	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC	C	D		
Fitch	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	BB	BB-	B+	B	B-	*CCC*	-	-	-	-	DDD	DD	D
Description	Prime	High grade			Upper medium grade			Lower medium grade			*Speculative*			Highly speculative			Substantial risks	Extremly speculative	Default imminent with little	Prospect for recovery		în default		
	Investment-grade										Non-investment grade													

Considerations about the structure of capitals

Financial conditions	Regulatory framework	Credit risk	Similar companies
Indicators should not exceed the limits established in loan contracts	ANRE established the RRR calculation methodology, 40:60 D:E ratio (Debts : Equities)	The financing cost of new credits and the access to other financial instruments will be influenced by the credit opinion of rating agencies	They are financed prevailingly by corporative bonds
The forecasted debt in 2021-2024 will not exceed 2,400 RONm		It is critical to take into account to maintain the Company's financial performance. We understand by it a reasonable profit, coherent dividend policy and investment plan reversing the BAR decreasing trend	Low dependency on banks
			Indebtedness much above TEL's

Considerations about financing

Specificity of projects

- The investment projects of Transelectrica are complex, with great completion term and provide many variables, which are not necessarily under the Company's control;
- In financing terms they can be classified as major projects (great value, priority for RET), and minor projects (lower value but the same complexity);
- Major projects are suited for IFI financing and/or by corporative bonds;
- Minor projects are suited to be financed by combinations between IFI and banks (syndicated loans).

Currency: Euro vs Lei

- The credit cost is directly linked to the development of EURIBOR or ROBOR;
- The development of EURIBOR was more stable and recorded negative values;
- ROBOR is positive and has recorded significant growth lately;
- For a credit / bonds in other currency than the functional one there is currency risk with exposure to the exchange rate fluctuations;
- Recent history shows Romanian economy is detached from the European market;
- Hedging instruments should be procured for protection against the exchange rate fluctuations;

Interest rate: fixed vs variable

- The interest rate is set upon signature date of the credit agreement and remains fixed throughout;
- A fixed credit interest provides the benefit of predictable cash flows during the entire credit term;
- Corporative bonds are financial instruments of fixed interest (coupon);
- The fixed interest rate has the shortcoming of penalty costs in case of advance credit repayment;
- The variable interest credit is directly connected to the development of EURIBOR, namely of ROBOR.

IFI vs. commercial banks

- International Financial Institutions are specific organisations to finance major national or international projects for infrastructure, energy etc.;
- Financing by means of such institutions benefits of international security agreements and minimised financing costs such as Junkers Plan;
- IFI have got considerable turnovers compared to local commercial banks: IEB - 80 bill Euros, EBRD - 8 bill Euros;
- Commercial banks usually have reserves to finance very large projects in value terms because the financed value leads to higher exposure onto a single client compared to the credit portfolio.

Considerations about financing

Due date	• Commercial banks have maturity of 7, perhaps maximum 10 years; • IFI can have much longer periods; • Lei bonds can be issued with 5-7 intervals; • Euro bonds can be issued for longer periods; • The credit term should be established depending on the company's repayment capacity.
Costs	• Euro costs are significantly lower than those in Lei; • Depending on financier additional costs can occur with financial consultants, auditors, analysis fees, drawing fees, juridical consultancy costs, listing costs, travel expenses and others; • The total financial cost will be assessed when studying the financing options (interest cost + other costs related to the granting process).
Flexibility of drawings	• It is important to take into account during financing solution(s) the particular features of the project and the drawing manner from the credit; • To optimise costs loan agreements will allow a grace period, several successive drawings without any non-utilisation costs for the amounts that have not been drawn; • Investment projects have got low predictability as regards making payments;
Procurement	• The procurement will be complex and laborious to analyse; • The development of ROBOR and EURIBOR against the forecasted exchange rate will be taken into account on the study date. The country's and EU's macroeconomic evolution is limited and provide short-term visibility (current evolutions show the macroeconomic environment is increasingly volatile); • Occasionally expertise outside the Company will be required for certain competence.

Investment program

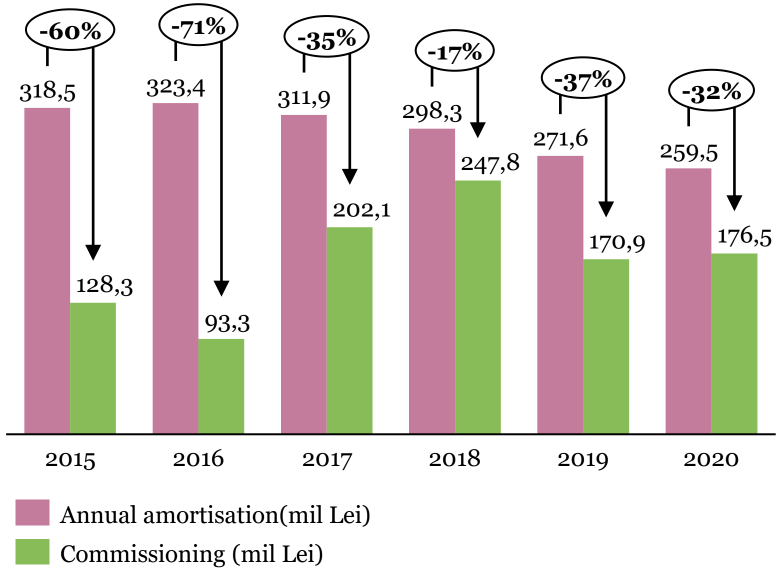
2021-2025 investment program

- Analyzing the Company's 2021-2025 investment programme, its value amounts to 3,734 RONm (projects underway and projects about to begin, see Note).
- In terms of size and strategic importance projects were structured in 2 categories for financing, (i) Major Projects and (ii) smaller projects which are fit to be financed under a single financial cloak;
- Major Projects are fit for IFI financing. The eligibility criteria of such financing relate to project size, local or European importance, completion term etc.;
- Smaller projects will be financed by means of syndicated bank loan (one or several banks providing a loan) and/or a programme to issue corporative bonds;
- The corporative bond credit option would satisf6y one of the requirements regarding diversification of financing sources but it does not solve the flexibility issue in terms of pay calendar under investments with quite high uncertainty. The proposed solution consists in launching a MTN ('medium term note' in specific literature) whereby notes can be issued with smaller tickets in line with the financing needs. Actually a single emission prospectus is devised for a comprehensive value of which partial emissions will be made, upon the company's need.

Historical evolution

- Actually in 2015-2020 the Company's cumulated amortisement was lower than commissioning (PIF) by 764 RONm. In other words PIF-s did not cover even the amortisation level. The consequences are quite serious (without mentioning the technical importance for SEN) since the Regulated Asset Base (tariff source) diminished significantly.
- Mention should be made that the regulated rate of return (6.39% in this case) is applied to the RAB and enables a higher or lower regulated return, depending on the RAB size.

** Note: The resulting value of investment projects was updated by price updates for equipment and labor, which are added new projects not included in the development plan provided to ANRE during the last approval*



Investment program

- The analysis of the investment plan shows very clearly the Company's investment priorities, namely out of a total of 3,734 mill Lei 36% will be directed to RET refurbishment, while 31% aim at increasing the interconnection capacity with neighboring countries;
- Important amounts will be also directed towards increasing the electricity discharge capacity from Dobrogea and Moldova regions, and the remaining 3% will go to projects devised to enhance system security.

CAPEX (cash outputs)		**2021**	**2022**	**2023**	**2024**	**2025**
A. Refurbishment of existent RET	RONm	214.8	217.6	300.4	291.7	311.2
B. Other investments in the branches and executive part	RONm	11.6	7.1	7.0	7.0	5.0
C. Safe consumption supply	RONm	31.6	5.4	20.9	37.5	8.5
D. Integrating the output from RES and new WPP-s, Dobrogea & Moldova	RONm	31.1	113.9	55.0	48.9	104.4
E. Integrating the output from power plants, other areas	RONm	1.5	4.6	23.5	60.9	8.9
F. Increasing the interconnection capacity	RONm	140.1	191.9	270.0	350.3	198.8
G. Replacing the EMS SCADA AREVA, DAMAS system components	RONm	0.0	9.6	0.0	0.0	0.0
H. Metering and management system of electricity metering data on the wholesale market	RONm	0.1	10.0	10.0	15.0	0.0
J. Management of IT and telecommunication systems	RONm	15.8	9.4	3.0	0.0	0.0
K. Critical infrastructure	RONm	0.0	0.0	0.0	0.0	0.0
L. Other investment expenses	RONm	4.5	9.5	6.3	10.0	10.0
M. New projects (not included in the Development Plan)	RONm	25	76	88	88	263
Total	RONm	**476**	**654**	**784**	**909**	**910**

Roadmap

A. Financing from EIB/EBRD/IFC

1. Identifying major projects and the needed financing amounts
2. Signing confidentiality agreements to enable exchanging non-public information;
3. Providing information needed to analyze the financing file (project description, purpose, feasibility studies, agreements obtained, financial projections during the credit etc.)
4. Requesting prices & costs indicative offers from the potential financier (IFI category) for TEL’s internal review;
5. Initiating the procurement procedure, one’s own (the internal procedure needs being completed, reviewed by financial service procurement)
6. Analysis of offers, cost and contract negotiations
7. Involved divisions: DSFTM, DJC, DI
8. Estimated interval: 6-9 months

B. Financing from commercial banks

1. This means finding out the project(s) to be financed
2. Initiating the procurement procedure (one’s own)
3. Analysis of indicative offers and selecting the bidder with the best price
4. Preparing the financial information package (project description, purpose, feasibility studies, agreements obtained, financial projections during the credit etc.)
5. Negotiating the contractual terms and signing the financing contract (costs, credit currency, available securities, term, type of instalments etc.)
6. Involved divisions: DSFTM, DJC, DI
7. Estimated interval: 3 – 4 months

C. Emission of bonds / Mid-term notes

1. Establishing the amount for financing and the program period
2. Procuring specific services for prospectus preparation (emission plan)
3. Putting in practice the emission prospectus (financial projections, risks, financial terms we commit to etc.)
4. Market testing (the investors’ interest and appetite); the last discussions with banks confirm the very high interest of pension funds for such instruments
5. Comfort letter of the auditor with respect to the financial information in the prospectus
6. Obtaining the ASF endorsement
7. Running / closing the offer, followed by granting
8. Establishing the coupon (return)
9. Involved divisions: DSFTM, DJC, DI
10. Estimated interval: 6 months

Forecasted financial statements

Mill RON		istoric	estimat	estimat	estimat	estimat	estimat
		2020	**2021**	**2022**	**2023**	**2024**	**2025**
Billed volume	TWh	53.8	56.04	53.45	55.55	57.57	56.67
Transmission tariff	lei/MWh	17.9	20.51	21.10	24.79	24.16	26.90
Dispatching tariff	lei/MWh	14.7	11.01	11.13	10.08	9.98	10.76
Profit & loss		**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Revenues							
Total revenues	RONm	2,367.4	**3,198.6**	**2,532.3**	**2,633.1**	**2,662.2**	**2,831.6**
				-21%	4%	1%	6%
Operating Expenses							
System Operating Expenses	RONm	309.8	427.6	397.1	440.6	445.1	487.8
Expenses on the Balancing Market	RONm	495.0	1,308.8	640.0	640.0	640.0	640.0
Expenses regarding the technological system service	RONm	566.0	600.8	607.0	571.2	586.1	622.2
Depreciation	RONm	267.9	272.4	303.5	325.1	347.1	375.3
Salaries and Other Retributions	RONm	273.0	279.1	284.6	285.4	286.1	286.8
Grid repairs and maintenance	RONm	98.0	144.9	119.5	116.1	116.1	116.1
Materials and Consumables	RONm	7.6	9.3	10.1	9.0	9.0	9.0
Other Operating Expenses	RONm	170.3	110.9	124.1	134.2	132.2	141.0
Total Operating Expenses	RONm	2,187.6	**3,153.7**	**2,485.9**	**2,521.6**	**2,561.7**	**2,678.2**
				-21%	1%	2%	5%
Operating Profit (EBIT)	RONm	179.7	**44.9**	**46.4**	**111.5**	**100.5**	**153.4**
	RONm	447.6	**317.3**	**349.9**	**436.6**	**447.6**	**528.7**
	%	19%	10%	14%	17%	17%	19%
Net Financial Result	RONm	(5.0)	**(4.2)**	**(3.7)**	**(2.8)**	**(19.8)**	**(29.9)**
Profit before income tax (EBT)	RONm	174.7	**40.7**	**42.7**	**108.6**	**80.7**	**123.5**
Income tax+dividend tax	RONm	29.8	10.7	4.4	9.4	10.8	16.5
Net income	RONm	145.0	**30.0**	**38.3**	**99.3**	**70.0**	**107.0**

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Forecasted financial statements

CASH FLOW		Total	2021	2022	2023	2024	2025
EBITDA	RONm	2,079.99	317.3	349.9	436.6	447.6	528.7
Income tax	RONm	(51.68)	(10.7)	(4.4)	(9.4)	(10.8)	(16.5)
Changes in working capital	RONm	(73.49)	(59.5)	32.0	(35.0)	(13.0)	2.0
Net cash generated in operations	RONm	1,954.82	**247.1**	**377.5**	**392.2**	**423.8**	**514.2**
CAPEX (cash out-flow for investments)	RONm	**(3,734.23)**	**(476.3)**	**(654.4)**	**(784.2)**	**(909.5)**	**(909.9)**
Free cash flow	RONm	**(1,779.41)**	**(229.2)**	**(276.9)**	**(392.1)**	**(485.6)**	**(395.7)**
Interest bearing debt (bonds/bank loans)	RONm	850.00	-	100.0	200.0	300.0	250.0
	RONm	650.00		50.0	200.0	200.0	200.0
	RONm	177.06	9.1	34.6	111.3	22.1	-
	RONm	**1,677.06**	**9.1**	**184.6**	**511.3**	**522.1**	**450.0**
Net cash generated from/used in financing activities	RONm	**(278.86)**	**(27.9)**	**(37.4)**	**(56.5)**	**(73.5)**	**(83.6)**
Net cash-flow	RONm	**(381.21)**	**(248.0)**	**(129.6)**	**62.7**	**(37.0)**	**(29.3)**
Dividend payments	RONm	**(19.21)**	-	-	-	(19.2)	-
Special dividend payments	RONm	**-**	-	-	-	-	-
Opening balance	RONm		**554.0**	**306.0**	**176.4**	**239.1**	**182.9**
Closing balance	RONm	**554.00**	**306.0**	**176.4**	**239.1**	**182.9**	**153.6**

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Forecasted financial statements

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BALANCE SHEET		**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Assets							
Fixed Assets							
Total Fixed Assets	RONm	3,687.4	3,891.3	4,242.1	4,701.3	5,263.6	5,798.2
Current Assets							
Inventories	RONm	38.4	38.0	36.0	35.0	36.0	36.0
Trade and other receivables	RONm	847.9	799.0	790.0	801.0	843.0	832.0
	RONm	1.2	1.2	1.2	1.2	1.2	1.2
Other financial assets	RONm	-	-	-	-	-	-
Cash and cash equivalents	RONm	554.0	306.0	176.4	239.1	182.9	153.6
Total Current Assets	RONm	1,441.6	1,144.2	1,003.6	1,076.3	1,063.1	1,022.8
Total assets	RONm	**5,128.9**	**5,035.5**	**5,245.7**	**5,777.6**	**6,326.7**	**6,821.0**
Total shareholders' equity	RONm	3,395.5	3,425.5	3,463.9	3,543.9	3,613.9	3,696.4
Total non-current liabilities	RONm	675.9	652.3	783.2	1,240.8	1,709.1	2,122.7
Current Liabilities							
Borrowings	RONm	24.7	33.7	53.7	53.7	53.7	36.4
Other tax and social security liabilities	RONm	17.0	17.0	17.0	17.0	17.0	17.0
Short-term deferred revenue	RONm	28.9	28.0	30.0	25.0	34.0	34.0
	RONm	7.4	7.4	7.4	7.4	7.4	7.4
Trade payables and other liabilities	RONm	888.0	780.0	799.0	779.0	800.0	791.0
Provision	RONm	91.6	91.6	91.6	91.6	91.6	91.6
Income tax payable	RONm	-	-	-	-	-	-
Dividend payable	RONm	-	-	-	19.2	-	24.5
Total Current Liabilities	RONm	1,057.5	957.7	998.7	992.9	1,003.7	1,001.9
Total Liabilities	RONm	**1,733.4**	**1,610.0**	**1,781.9**	**2,233.7**	**2,712.8**	**3,124.6**
Total Shareholders' Equity and Liabilities	RONm	**5,128.9**	**5,035.5**	**5,245.7**	**5,777.6**	**6,326.7**	**6,821.0**

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