



Transelectrica SA

Transmission and System Operator
of the Romanian Electrical Power System

We lead the power

Financial results

9M 2020

(01.01.2020 – 30.09.2020)

unconsolidated accounts



Purpose, disclaimer and other cautionary statements

DOCUMENT PURPOSE:

This presentation has been prepared with the sole intention to facilitate the understanding of Transelectrica's operational and financial results by the general investing public (shareholders, creditors, analysts, financial media). Therefore it is of a purely informative nature. **This presentation is not an offer, invitation or a recommendation to trade in securities issued by the Company.** The detailed financial statements and the full report prepared in accordance with capital market regulations are available online at www.transelectrica.ro.

FINANCIAL NUMBERS:

<i>reporting period:</i>	1 st January 2020 – 30 th September 2020
<i>reporting standard:</i>	International Financial Reporting Standards (IFRS)
<i>basis/scope:</i>	standalone (unconsolidated)
<i>external audit:</i>	unaudited by external auditor
<i>rounded numbers:</i>	for the ease of reading, certain figures used in this presentation (tables and charts) are displayed in millions and rounded to such unit or to one or two decimals. In some cases this led to minor differences between totals and the sum of the individual elements thereof (rounding errors)

REGULATED TARIFFS. 4th REGULATORY PERIOD (1st January 2020 – 31st December 2024):

The presented figures (calculation components of regulated tariffs) are presented as disclosed to us by the Romanian Energy Regulator (the public office that sets the network tariffs charged by Transelectrica for the services performed on the domestic electric energy market, in accordance with the license granted by the regulator).

LANGUAGE DISCLAIMER:

This document represents the English-language version of the original Romanian-language document. The English version has been created for English readers' convenience. Reasonable efforts have been made to provide an accurate translation, however, discrepancies may occur. The Romanian version of this document is the original official document. If any questions arise related to the accuracy of the information contained in the English version, please refer to the Romanian version of the document.

Agenda:

9M 2020 results

- Key numbers
- Operational results
- Financial results
- Investment

Q&A



Financials

	9M y/y	3Q y/y	2Q y/y	1Q y/y
• Revenues [mil lei]	1,664 ▼ 7%	574 ▼ 4%	487 ▼ 9%	603 ▼ 7%
• EBITDA [mil lei]	401 ▲ 34%	120 ▲ 2%	119 ▲ 80%	162 ▲ 40%
• Net income [mil lei]	152 ▲ 107%	37 ▼ 15%	38 ▲ n/m	77 ▲ 103%

Operational

	9M y/y	3Q y/y	2Q y/y	1Q y/y
• Consumption* [TWh]	40.9 ▼ 4.9%	13.7 ▼ 1.6%	12.3 ▼ 10.8%	14.9 ▼ 2.5%
• Production* [TWh]	39.1 ▼ 7.3%	13.1 ▲ 3.0%	11.6 ▼ 19.5%	14.4 ▼ 4.2%
• Import net [TWh]	1.7 ▲ 128%	0.6 ▼ 4.8%	0.6 n/m	0.5 ▲ 94.5%

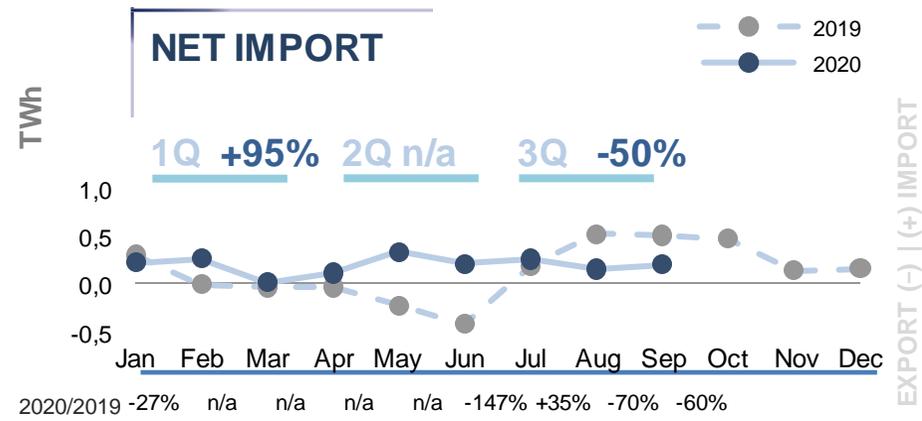
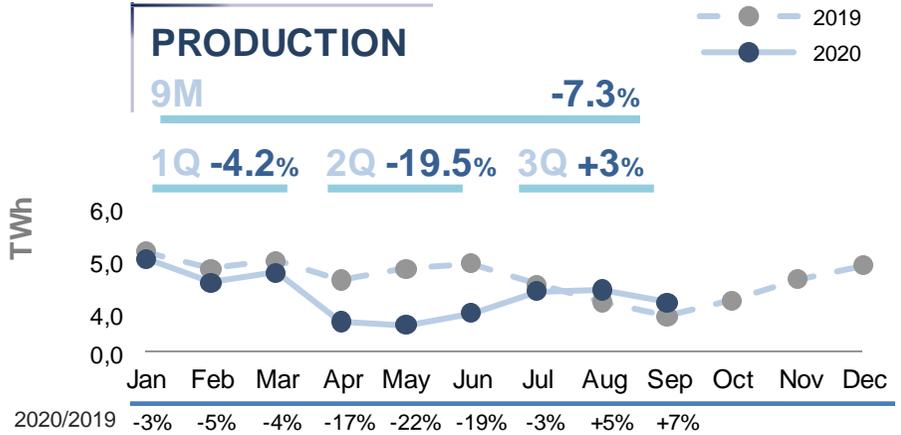
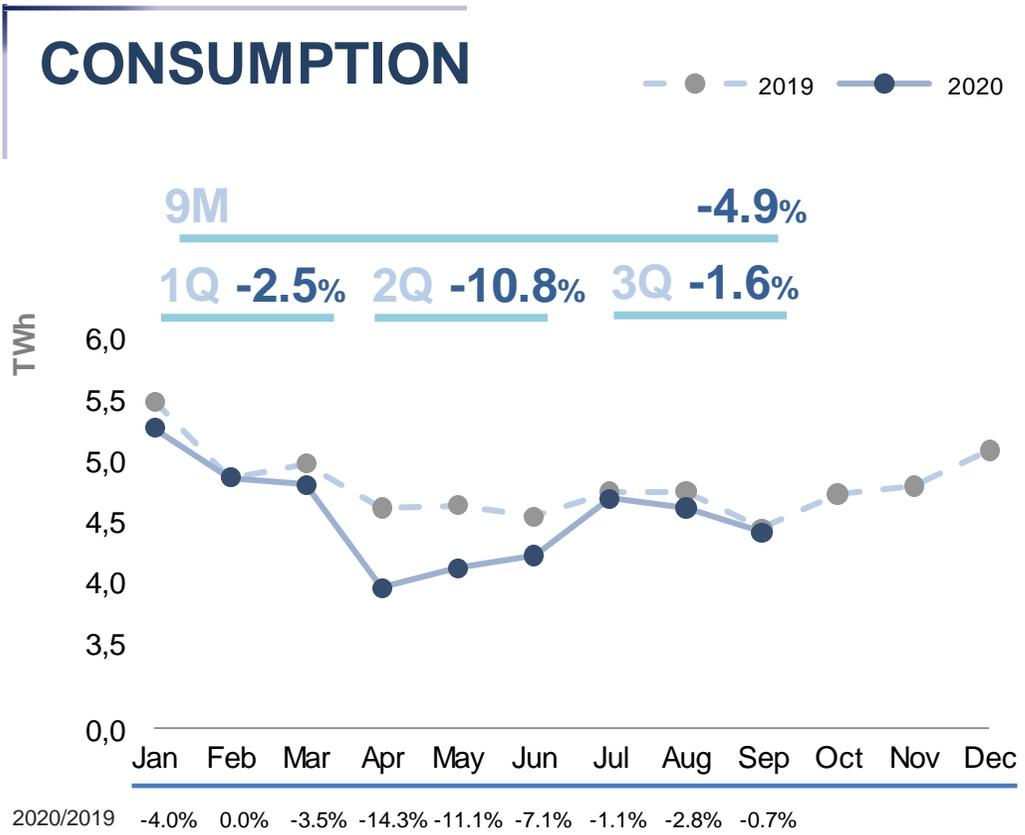
*consumption/generation numbers do not include power plants' own electricity consumption. Consumption includes (i) consumption for hydro pumped storage, and (ii) energy losses in transmission and distribution networks. Cross-border net flow is calculated based on physical flows (export-import) aggregated across borders

Regulatory framework

- Profit-allowed segment: higher y/y tariffs applied in 9M 2020 as per regulatory reviews at 1-Jul-2019 (dispatch tariff), 1-Jan-2020 (transmission tariff) and 1-Jul-2020 (dispatch tariff)
- Pass-through segment:
 - Stand-by balancing back-up capacity services (balancing capacity services): significant gain in 9M 2020 driven by y/y higher tariffs in 1H 2020 aimed at offsetting accrued losses (backlog) combined with y/y lower costs in 3Q 2020 (less balancing stand-by service purchases due to lower demand for electricity)

Domestic demand – decline in 9M 2020 (-4.9% y.o.y.)

Domestic production – drop in 9M 2020 (-7.3% y.o.y.)



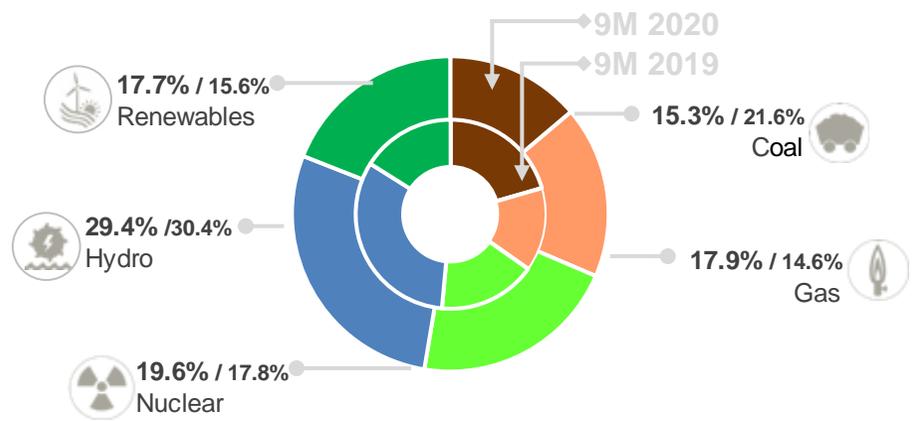
Consumption and generation numbers do not include power plants' own electricity consumption. Consumption includes (i) energy losses in transmission and distribution networks, and (ii) consumption for hydro pumped storage. Cross-border net flow is calculated based on physical flows (import-export).



Results 9M 2020

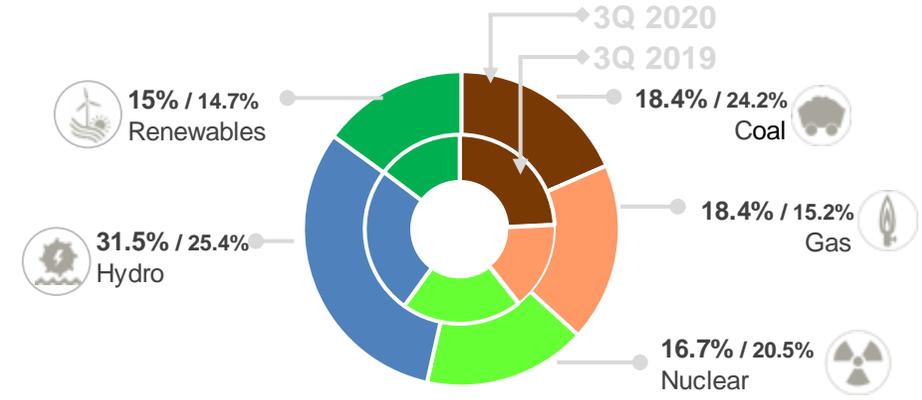
9M 2020 / 9M 2019

Electricity net production mix



3Q 2020 / 3Q 2019

Electricity net production mix

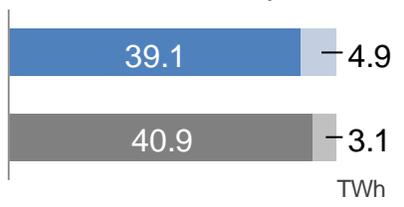


1.8TWh
Import net

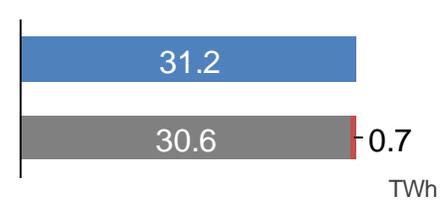
9M 2020

2.15%

National electricity balance



Transmission losses



- National power plant output
- Import
- National consumption
- Export

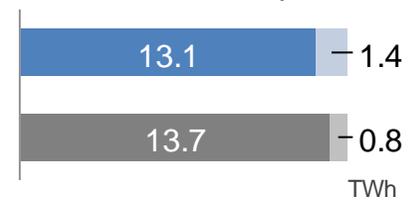
- Grid in-take volume
- Grid out-take volume
- Grid losses

0.6TWh
Import net

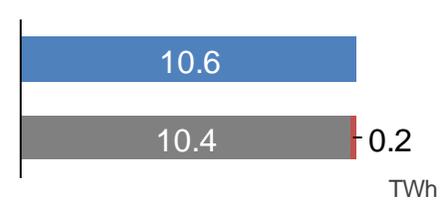
3Q 2020

2.13%

National electricity balance



Transmission losses



- National power plant output
- Import
- National consumption
- Export

- Grid in-take volume
- Grid out-take volume
- Grid losses

Profit & Loss

Volumes

• **Lower volumes** (general reduction in electricity consumption as a result of y/y warmer weather in 1Q and the impact of the Covid-19 pandemic starting March)

Profit-allowed segment

- **Lower revenues** (decline in volumes driven by dropping electricity demand)
- **Reduced costs** – decrease in operational costs (grid losses, unplanned cross-border electricity flows, operational electricity consumption in transmission grid substations)

Pass-through segment

Stand-by balancing capacity services (balancing reserves) - the profit-claw-back two-year schedule designed by ANRE ended 30th-Jun-2019. Claw-back was completed by 31-Dec-2018 i.e. six months ahead of schedule. Tariff was increased as of 1 July 2019 to enable recovery of the extra losses incurred in 1H 2019. The loss was fully recovered by the end of 2Q 2020. 3Q 2020 gain due to lower costs (less stand-by service purchased)

[Lei m]	9M 2020	9M 2019	Δ%	3Q 2020	3Q 2019	Δ%	2Q 2020	2Q 2019	Δ%	1Q 2020	1Q 2019	Δ%
Billed volume [TWh]	39.48	41.29	-4.4%	13.23	13.37	-1.1%	11.84	13.24	-10.6%	14.41	14.68	-1.8%
Profit-allowed operations												
Revenues	876	907	-3.5%	295	299	-1.2%	263	291	-9.6%	317	317	-0.1%
Costs	555	582	-4.7%	210	212	-1.0%	168	196	-14.6%	177	173	+2.1%
EBITDA	321	325	-1.4%	85	86	-1.6%	96	95	+0.8%	140	144	-2.7%
EBITDA margin	37%	36%		29%	29%		36%	33%		44%	45%	
Depreciation	202	210	-3.6%	66	68	-2.6%	68	70	-2.9%	68	72	-5.3%
EBIT	119	116	+2.7%	19	18	+2.0%	28	25	+11.0%	72	72	-0.1%
Pass-through operations												
Revenues	788	876	-10.0%	279	300	-7.3%	224	244	-8.3%	286	332	-13.8%
Costs	708	902	-21.6%	243	269	-9.6%	201	273	-26.5%	263	360	
EBIT	80	-26	n/m	35	31	n/m	23	-29	n/m	22	-28	
All operations												
Revenues	1,664	1,783	-6.7%	574	599	-4.2%	487	535	-9.0%	603	649	-7.1%
Costs	1,262	1,484	-14.9%	454	482	-5.8%	368	469	-21.5%	440	533	-17.4%
EBITDA	401	299	+34.2%	120	118	+2.2%	119	66	+80.6%	162	116	+40.3%
EBIT	199	89	+123.2%	54	50	+8.7%	51	-4	n/m	94	44	+116.1%
Net Income	152	74	+107.0%	37	43	-15.0%	38	-8	n/m	77	38	+103.2%

Operations | Revenues

Operational revenues

ALL OPERATIONS PROFIT-ALLOWED OPERATIONS

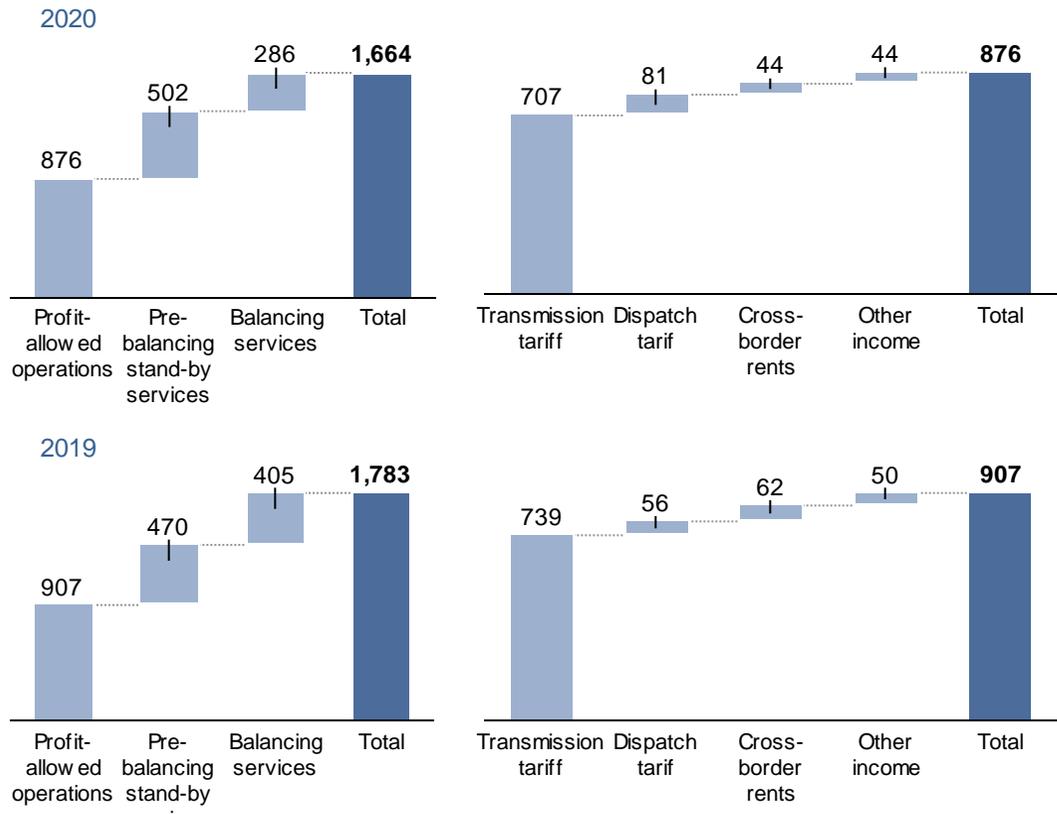
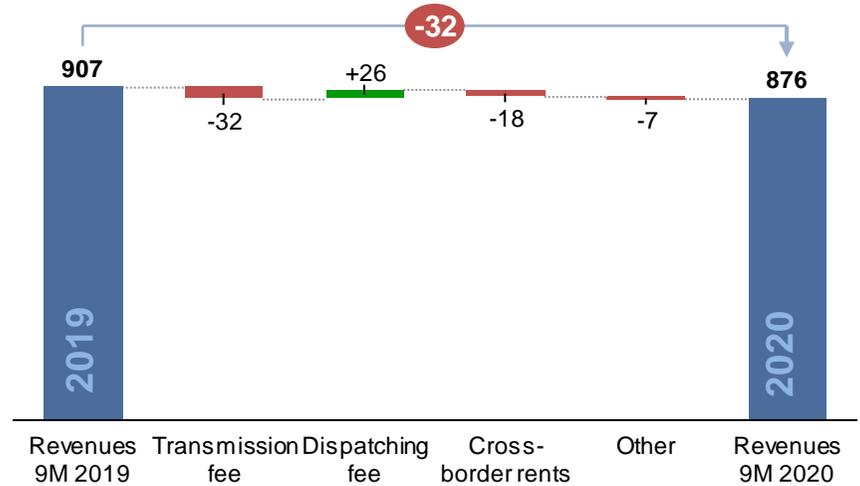


Chart unit: mil Lei

Operational revenues

PROFIT-ALLOWED OPERATIONS: BREAKDOWN



DRIVERS BEHIND THE INCREASE IN REVENUES

- Overall higher tariffs: transmission flat, dispatching higher
- Lower volumes (decreasing electricity demand)
- Lower income generated from the sale of cross-border grid capacity (lower demand for electricity at a regional level)

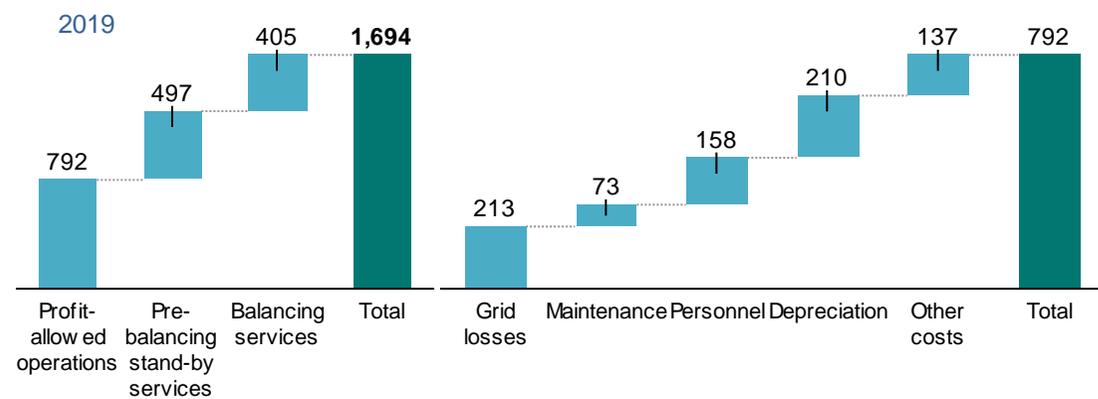
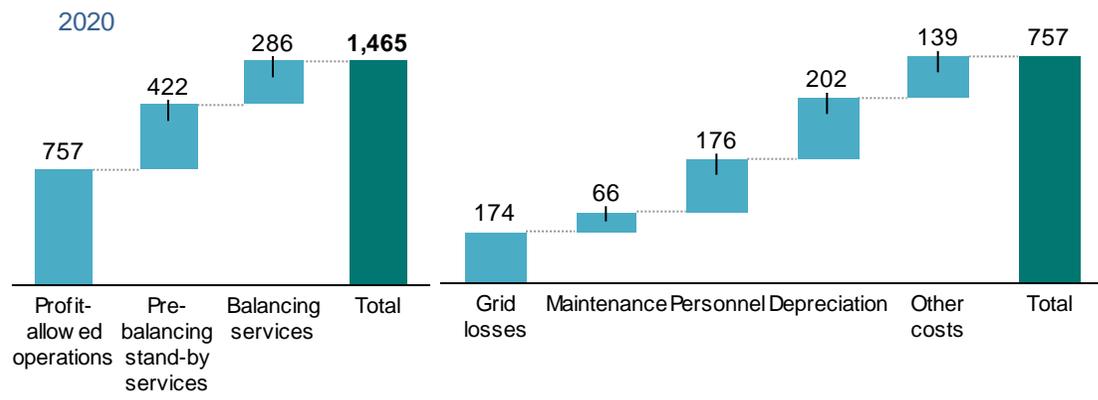


Operations | Costs

Operational expenses

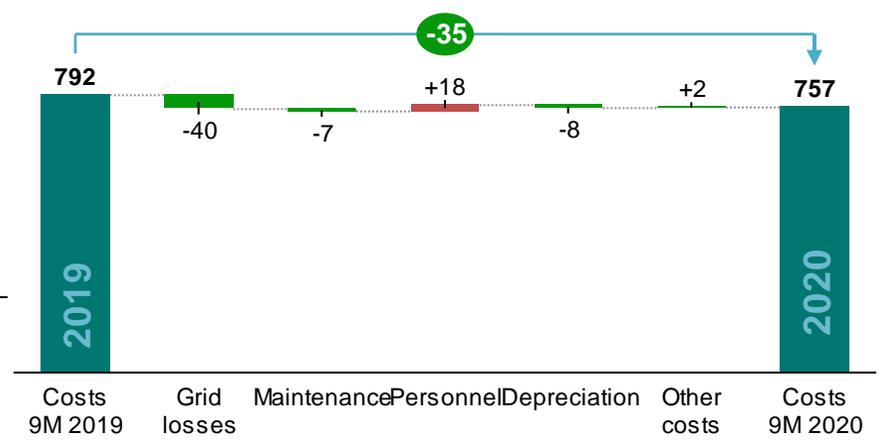
ALL OPERATIONS

PROFIT-ALLOWED OPERATIONS



Operational expenses

PROFIT-ALLOWED OPERATIONS: BREAKDOWN



DRIVERS BEHIND THE EVOLUTION OF COSTS

- ▼ Grid losses costs – lower costs driven by y/y lower grid volumes and y/y lower prices in the wholesale electricity market
- ▲ Personnel costs
- ▲ Other costs – base effect due to a reversal in 1Q 2019 of a sizeable provision (cca. 31 mil Lei)

Chart unit: mil Lei



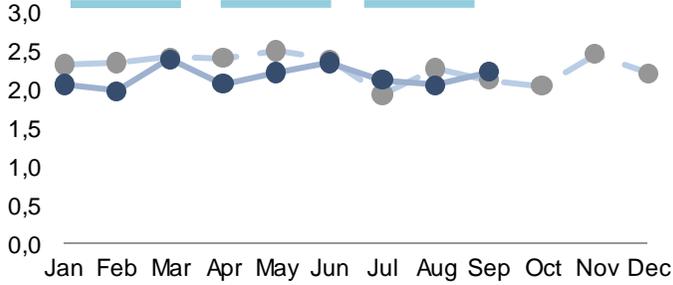
—●— 2019
—●— 2020

2020 / 2019
-0.14PP

2.29%
2.15%

Regulatory cap 2020: 2.34% (annual average)

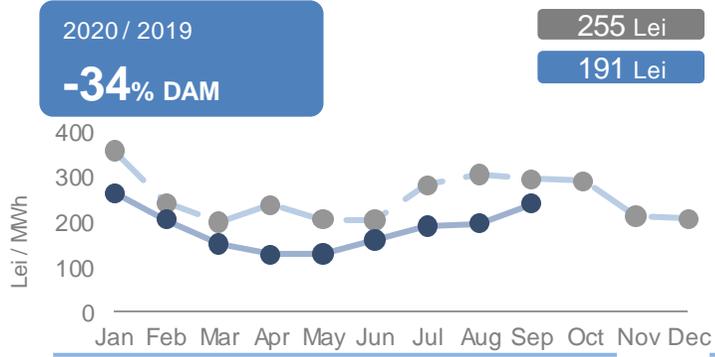
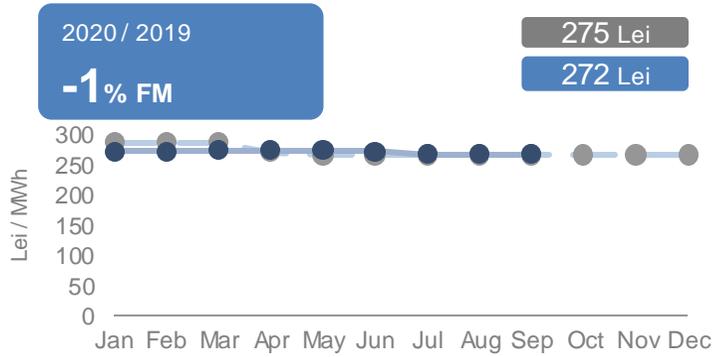
9M **2.15%**
1Q **2,13%** 2Q **2,21%** 3Q **2,13%**



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	2.05	1.97	2.38	2.07	2.21	2.34	2.11	2.05	2.22			
2019	2.31	2.34	2.40	2.39	2.49	2.38	1.93	2.26	2.11	2.04	2.45	2.20

GRID LOSSES

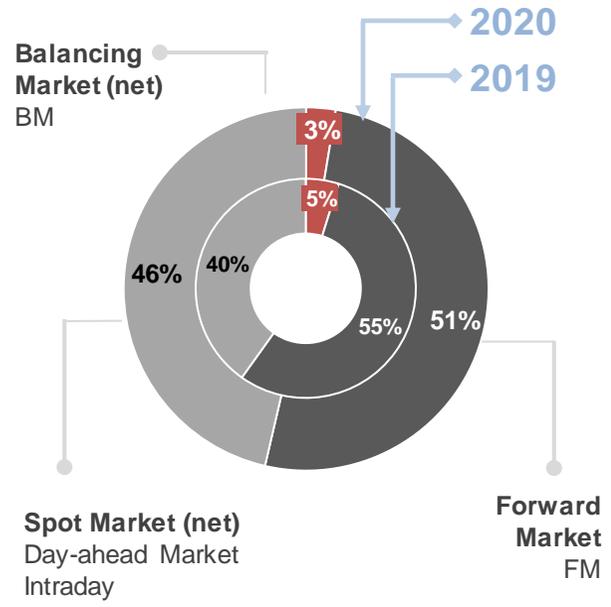
31.23 TWh
GRID IN-TAKE VOLUME IN 9M 2020
30.56 TWh
GRID OFF-TAKE VOLUME IN 9M 2020
2.15% (0.67 TWh)
GRID LOSSES 9M 2020



PRICES PAID PER MARKET

272 Lei/MWh (▼ 1%)
FORWARD MARKET (FM)
191 Lei/MWh (▼ 34%)
DAY-AHEAD MARKET (DAM)
856 Lei/MWh (▲ 32%)
BALANCING MARKET (BM) (Net, BRP fee included)

Operational costs | grid losses

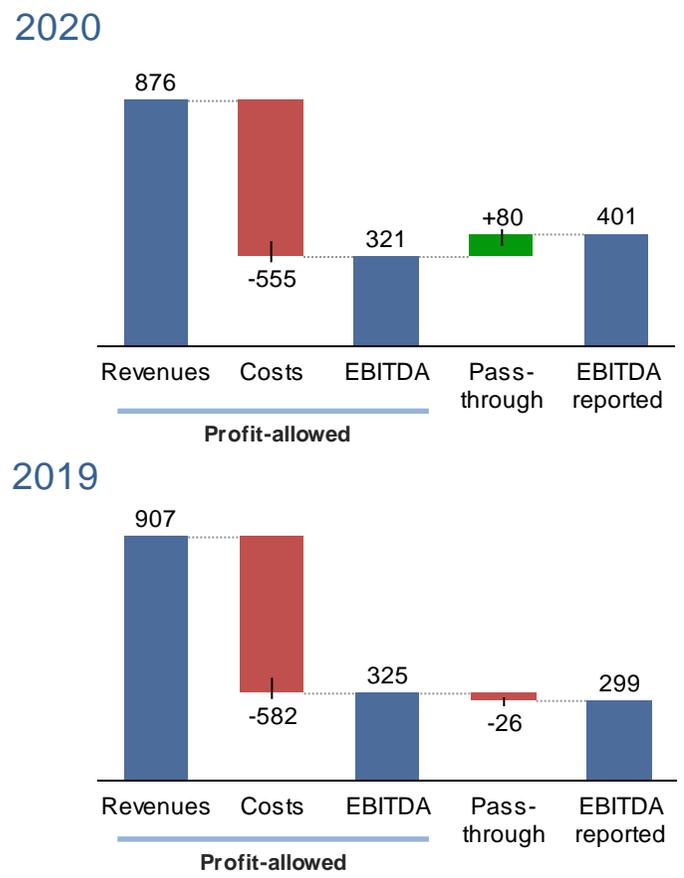


AVERAGE PRICE / PURCHASE MIX

250 Lei/MWh (▼ 12%)
CROSS-MARKET AVERAGE PRICE PAID
51%FM / 46%SPOT / 3%BM (9M 2020)
PURCHASE MIX (VOLUMES)
55%FM / 40%SPOT / 5%BM (9M 2019)
PURCHASE MIX (VOLUMES)



FROM REVENUES TO EBITDA



EBITDA BREAKDOWN (PROFIT-ALLOWED)

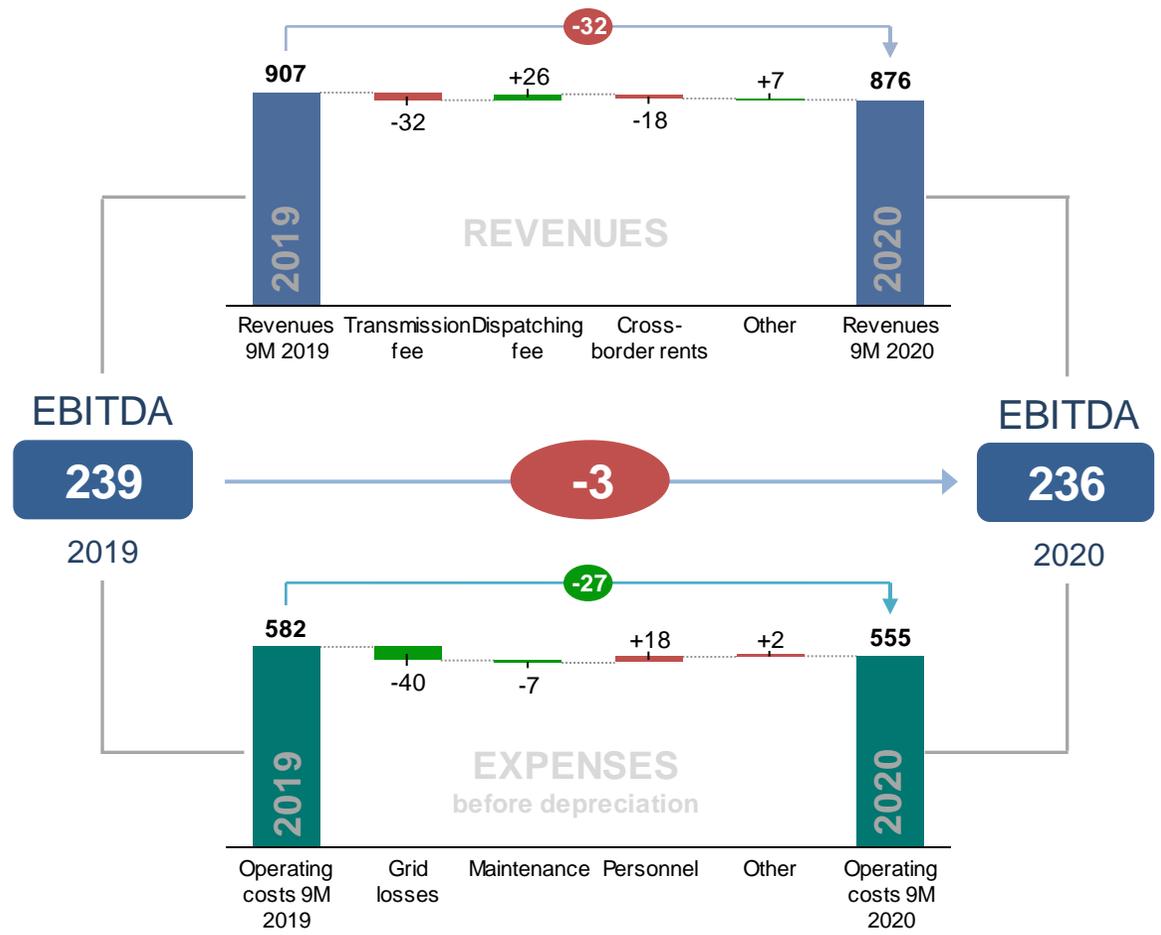
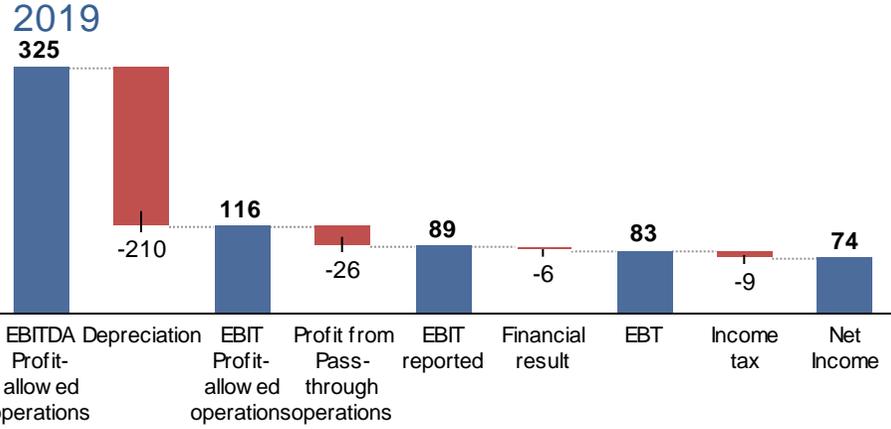
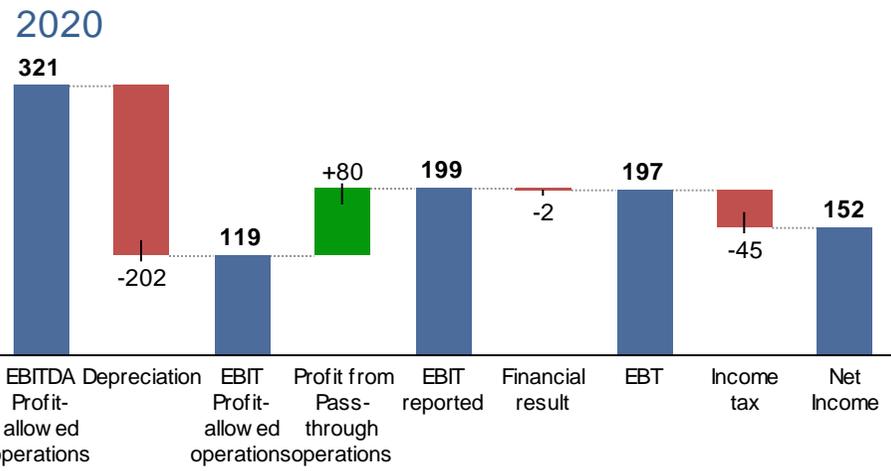


Chart unit: mil Lei

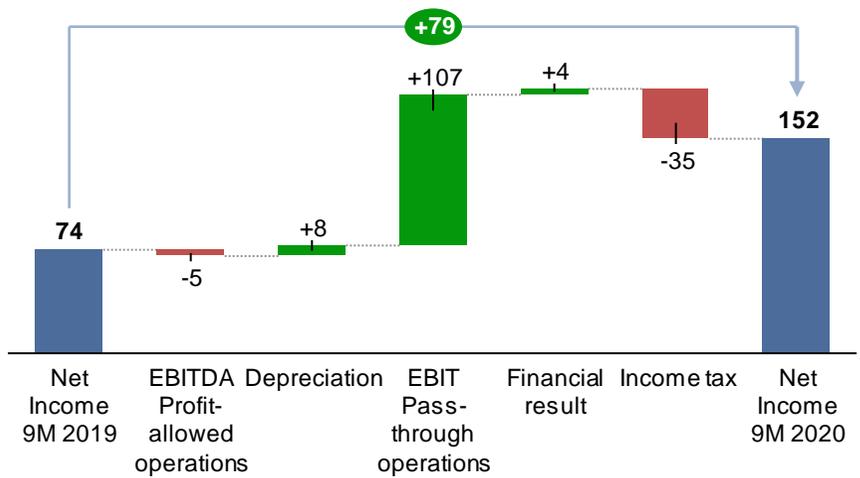


From EBITDA to Net income

FROM EBITDA TO NET INCOME



NET INCOME BREAKDOWN



MAIN DRIVERS BEHIND THE INCREASE IN NET INCOME

- ▲ The dynamics in the pass-through segment driven by several regulatory tariff adjustments aimed at offsetting temporary gains or losses from previous periods (backlogs) combined with y/y reduced costs in 3Q 2020

Chart unit: mil Lei





Q&A

Thank you for your attention!



The Electricity Transmission Grid of Romania

Company under Two-Tier Management System

WE LEAD THE POWER

Legend

- 400/20 kV Transformer substation
- 220/110 kV Transformer substation
- 400/110 kV Transformer substation
- 400/220/110 kV Transformer substation
- 400/220 kV Transformer substation
- 750/400 kV Transformer substation
- 400 kV Connection substation
- Substation not managed by TEL
- 400 kV Ring
- 400 kV Bucharest's ring
- 220 kV OHL
- 400 kV OHL
- 750 kV OHL (operated at 400 kV)
- Proposed 400kV OHL
- 110 kV OHL
- 750 kV OHL (in conservation)
- 110 kV Interconnection substation with neighbouring countries
- Proposed 400/110 kV Transformer substation
- Proposed 220/110 kV Transformer substation
- Submarine cable



[Lei m]	9M 2020	9M 2019		3Q2020	3Q2019		2Q 2020	2Q 2019		1Q 2020	1Q 2019	
	IFRS	IFRS		IFRS	IFRS		IFRS	IFRS		IFRS	IFRS	
	unaudited	unaudited		unaudited	unaudited		unaudited	unaudited		unaudited	unaudited	
Billed volume [TWh]	39.48	41.29 ▼	4.4%	13.23	13.37 ▼	1.1%	11.84	13.24 ▼	10.6%	14.41	14.68 ▼	2%
Profit-allowed operations												
Operational revenues	876	907 ▼	3.5%	295	299 ▼	1.2%	263	291 ▼	9.6%	317	317 ▼	0%
Operational revenues Transmission	759	809 ▼	6.2%	252	257 ▼	2.1%	226	262 ▼	13.6%	281	290 ▼	3%
Operational revenues Transmission Regulated fee	707	739 ▼	4.4%	236	235 ▲	0.7%	211	239 ▼	11.8%	259	265 ▼	2%
Operational revenues Transmission Cross-border rents	44	62 ▼	29.5%	13	20 ▼	37.7%	13	19 ▼	30.4%	18	23 ▼	21%
Operational revenues Transmission Other	8	8 ▲	4.3%	2	2 ▲	34.0%	2	3 ▼	51.3%	4	3 ▲	49%
Operational revenues Dispatching	84	60 ▲	40.3%	35	27 ▲	26.3%	23	16 ▲	45.0%	27	17 ▲	59%
Operational revenues Dispatching Regulated fee	81	56 ▲	46.1%	33	25 ▲	33.9%	22	15 ▲	48.3%	27	16 ▲	63%
Operational revenues Dispatching Unplanned cross-border flows	2	4 ▼	40.1%	2	3 ▼	40.7%	1	1 ▼	12.2%	0	0 ▼	87%
Operational revenues Other income	33	39 ▼	13.7%	9	14 ▼	36.8%	15	14 ▲	5.9%	10	10 ▼	8%
Operational costs	555	582 ▼	4.7%	210	212 ▼	1.0%	168	196 ▼	14.6%	177	173 ▲	2%
Operational costs System operation	218	268 ▼	18.8%	75	88 ▼	15.2%	62	79 ▼	22.0%	81	101 ▼	19%
Operational costs System operation Grid losses	174	213 ▼	18.6%	60	68 ▼	11.5%	49	64 ▼	24.0%	65	81 ▼	20%
Operational costs System operation Congestion relief	0	2 ▼		0	0 ▲		0	0 ▼		0	2 ▼	-
Operational costs System operation Power consumption in grid substations	12	15 ▼	19.5%	3	4 ▼	26.1%	5	4 ▲	8.9%	4	6 ▼	35%
Operational costs System operation Inter-TSO-Compensation	10	11 ▼	4.0%	2	7 ▼	66.1%	2	2 ▼	6.3%	6	2 ▲	283%
Operational costs System operation Other	21	27 ▼	21.0%	9	9 ▲	2.1%	6	8 ▼	26.8%	7	10 ▼	36%
Operational costs Maintenance	66	73 ▼	9.3%	29	29 ▲	2.9%	21	25 ▼	15.7%	16	20 ▼	19%
Operational costs Personnel	176	158 ▲	11.1%	68	56 ▲	22.0%	56	55 ▲	2.4%	52	48 ▲	9%
Operational costs Other	95	82 ▲	15.0%	38	40 ▼	4.5%	29	37 ▼	23.4%	28	5 ▲	472%
EBITDA	321	325 ▼	1.4%	85	86 ▼	1.6%	96	95 ▲	0.8%	140	144 ▼	3%
Operational costs Depreciation and amortization	202	210 ▼	3.6%	66	68 ▼	2.6%	68	70 ▼	2.9%	68	72 ▼	5%
EBIT	119	116 ▲	2.7%	19	18 ▲	2.0%	28	25 ▲	11.0%	72	72 ▼	0%
Pass-through operations												
Operational revenues	788	876 ▼	10.0%	279	300 ▼	7.3%	224	244 ▼	8.3%	286	332 ▼	14%
Operational revenues System service	502	470 ▲	6.7%	159	175 ▼	9.4%	155	139 ▲	11.7%	188	157 ▲	20%
Operational revenues Balancing service	286	405 ▼	29.4%	120	125 ▼	4.4%	69	105 ▼	34.7%	98	175 ▼	44%
Operational costs	708	902 ▼	21.6%	243	269 ▼	9.6%	201	273 ▼	26.5%	263	360 ▼	27%
Operational costs System service	422	497 ▼	15.1%	123	144 ▼	14.2%	132	168 ▼	21.4%	166	185 ▼	10%
Operational costs Balancing service	286	405 ▼	29.4%	120	125 ▼	4.4%	69	105 ▼	34.7%	98	175 ▼	44%
EBIT	80	-26 ▲	-	35	31 ▲	12.6%	23	-29 ▲	-	22	-28 ▲	-
All operations (profit-allowed and pass-through)												
Operational revenues	1,664	1,783 ▼	6.7%	574	599 ▼	4.2%	487	535 ▼	9.0%	603	649 ▼	7%
Operational costs	1,262	1,484 ▼	14.9%	454	482 ▼	5.8%	368	469 ▼	21.5%	440	533 ▼	17%
EBITDA	401	299 ▲	34.2%	120	118 ▲	2.2%	119	66 ▲	80.6%	162	116 ▲	40%
Operational costs Depreciation and amortization	202	210 ▼	3.6%	66	68 ▼	2.6%	68	70 ▼	2.9%	68	72 ▼	5%
EBIT	199	89 ▲	123.2%	54	50 ▲	8.7%	51	-4 ▲	-	94	44 ▲	116%
Financial result	-2	-6 ▲	67.6%	0	-2 ▲	93.2%	0	0 ▲	5.9%	-2	-4 ▲	61%
EBT	197	83 ▲	137.6%	54	48 ▲	12.6%	51	-4 ▲	-	92	39 ▲	134%
Income tax	-45	-9 ▼	379.5%	-17	-4 ▼	286.8%	-12	-4 ▼	256.7%	-15	-1 ▼	961%
Net Income	152	74 ▲	107.0%	37	43 ▼	15.0%	38	-8 ▲	-	77	38 ▲	103%

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