



Transelectrica SA

Transmission and System Operator
of the Romanian Electrical Power System

We lead the power

Financial results

1Q2021

(01.01.2021 – 31.03.2021)

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 2021 – 31 st March 2021
<i>reporting standard:</i>	International Financial Reporting Standards (IFRS)
<i>basis/scope:</i>	standalone (unconsolidated)
<i>external audit:</i>	not audited 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:

For year-over-year comparability purposes, in this presentation the streams of income generated from two regulated tariffs in the year 2020 i.e. transmission tariff and dispatching tariff, are presented cumulatively as a single stream of income i.e. transmission. Starting 1-Jan-2021 the two regulated tariffs i.e. transmission tariff and dispatching tariff, merged into a single tariff i.e. transmission tariff.

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:

1Q2021 results

- Key numbers
- Operational results
- Financial results
- Investment

Q&A



Financials

1Q y/y

- | | | |
|------------------------|------------|--|
| • Revenues [mil lei] | 726 ▲ 20% | • Higher revenues (profit-allowed +5%, pass-through +38%) |
| • EBITDA [mil lei] | 160 ▼ 1.7% | • Slightly lower EBITDA (profit-allowed -13%, pass-through +71%) |
| • Net income [mil lei] | 82 ▲ 6.2% | • Slightly higher after-tax profit |

Operational

1Q y/y

- | | | |
|----------------------|--------------|--|
| • Consumption* [TWh] | 15.43 ▲ 3.5% | • Increase in domestic demand for electricity |
| • Production* [TWh] | 15.16 ▲ 5.2% | • Increase in domestic production of electricity |
| • Import net [TWh] | 0.27 ▼ 44.8% | • Lower imports to bridge a smaller domestic demand-production gap |

*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

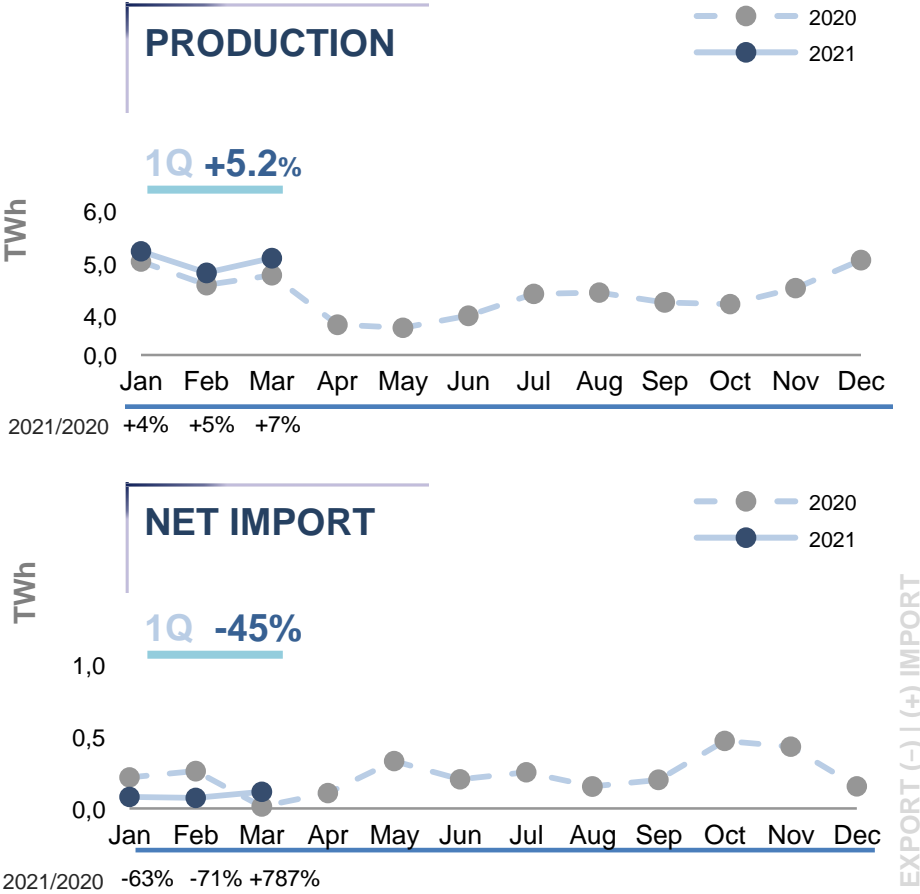
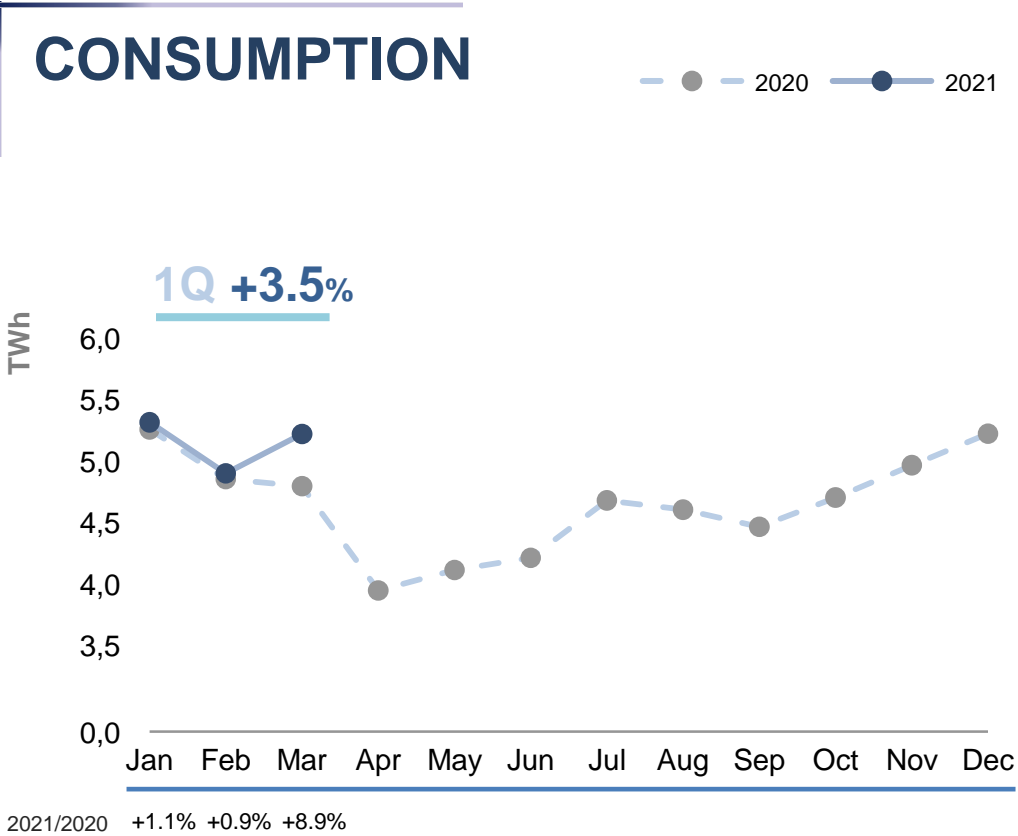
Regulatory framework

- Profit-allowed segment:
Starting 1-Jan-2021 the two regulated tariffs i.e. transmission tariff and dispatching tariff merged into a single tariff i.e. transmission tariff
- Pass-through segment - balancing process with two sub-processes i.e. capacity (stand-by reserve) and energy:
Stand-by balancing back-up capacity services (balancing capacity services): bigger y/y gain in 1Q2021 driven by lower costs mainly due to less capacity purchases (cold stand-by reserve not purchased in 1Q2021)
*cold reserve in a power system is that reserve capacity which is available for service but not ready for immediate loading

Energy balancing services: temporary gain in 1Q2021 due to new settlement rules in place since 1-Feb-2021 (balancing financial neutrality to be achieved under a new cross-segment framework i.e. any balancing gains/losses offset by adjusting the transmission tariff)

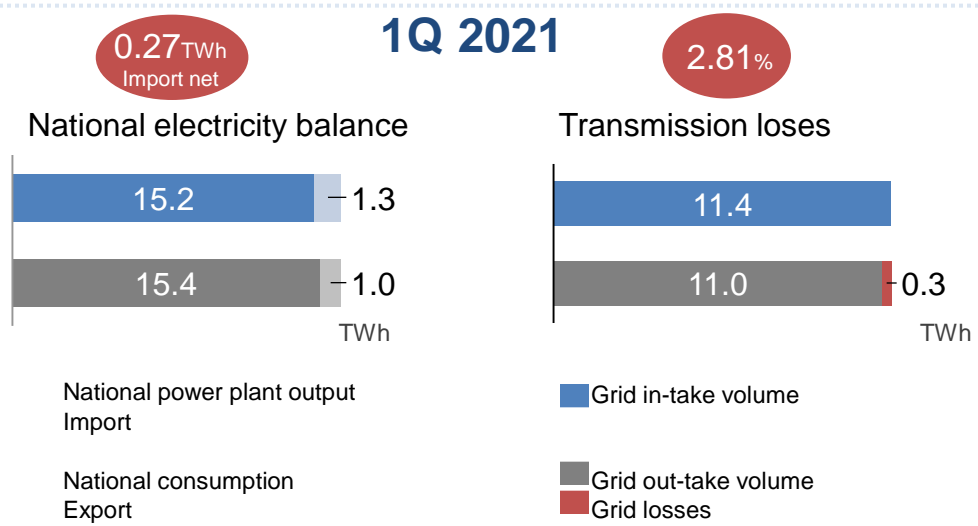
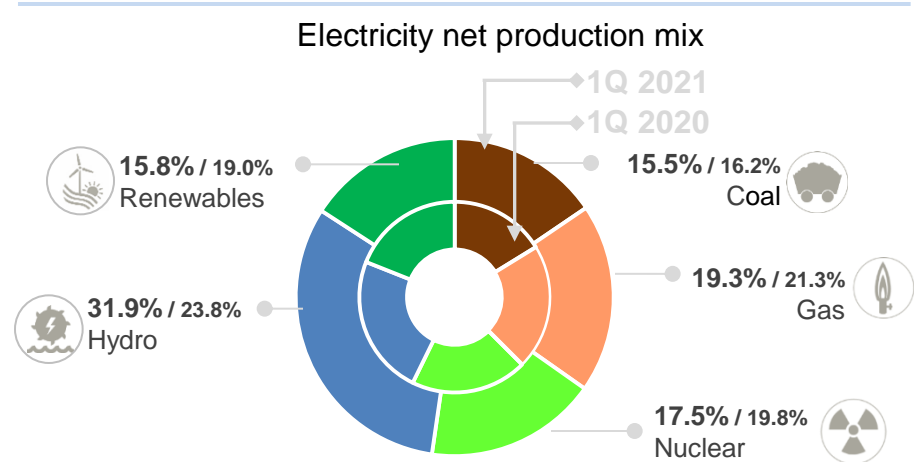
Domestic demand – recovery in 2021 (+3.5% y.o.y.)

Domestic production – increase in 2021 (+5.2% 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).

1Q 2021 / 1Q 2020



Profit & Loss

[Lei m]	1Q2021	1Q2020	Δ abs	Δ %
Billed volume [TWh]	14.93	14.41	+0.51	+3.6%
Profit-allowed operations				
Revenues	333	317	+16	+5.0%
Costs	211	177	+34	+19.5%
EBITDA	122	140	-19	-13.2%
<i>EBITDA margin</i>	37%	44%		
Depreciation	64	68	-4	-6.6%
EBIT	58	72	-14	-19.6%
Pass-through operations				
Revenues	393	286	+108	+37.6%
Costs	355	263	+92	+34.8%
EBIT	38	22	+16	
All operations				
EBITDA	160	162	-3	-1.7%
EBIT	96	94	+2	+1.9%
EBT	94	92	+2	+2.1%
Net Income	82	77	+5	+6.2%

Volumes

• **Higher volumes** (electricity demand with small y/y variations in Jan and Feb and a significant y/y increase in Mar to fully recover the steep decline in monthly power consumption resulting from Covid-19 lockdown activated mid-March last year)

Profit-allowed segment

- **Higher costs** – significant increase in grid losses cost (higher loss volumes due to a greater energy loss factor combined with higher market prices)
- **Growing revenues** (volume recovery and higher tariff) partly offset the increase in costs

Pass-through segment – temporary gains

Stand-by balancing capacity services (balancing reserves)

Higher profit driven by lower costs due to less capacity purchases (cold stand-by reserve not purchased in 1Q2021). Temporary gain to be reversed within the 2021-2022 timeframe (tariff clawback process carried out by the Regulator).

! Energy balancing services

Temporary profit in 1Q2021 due to new settlement rules in place since 1-Feb-2021 (balancing financial neutrality to be achieved under a new cross-segment framework i.e. any balancing gains/losses to be offset by adjusting the transmission tariff). Temporary gain to be reversed over the next year(s) (tariff clawback process carried out by the Regulator). Balancing operations (cost of balancing energy vs. income from imbalance settlement) remain neutral to Tranelectrica's profit generation capacity. Temporary gains/losses are fully offset ex-post by tariff adjustments to secure Tranelectrica's financial neutrality according to the regulations in place.

Operations | Revenues

Operational revenues

ALL OPERATIONS PROFIT-ALLOWED OPERATIONS

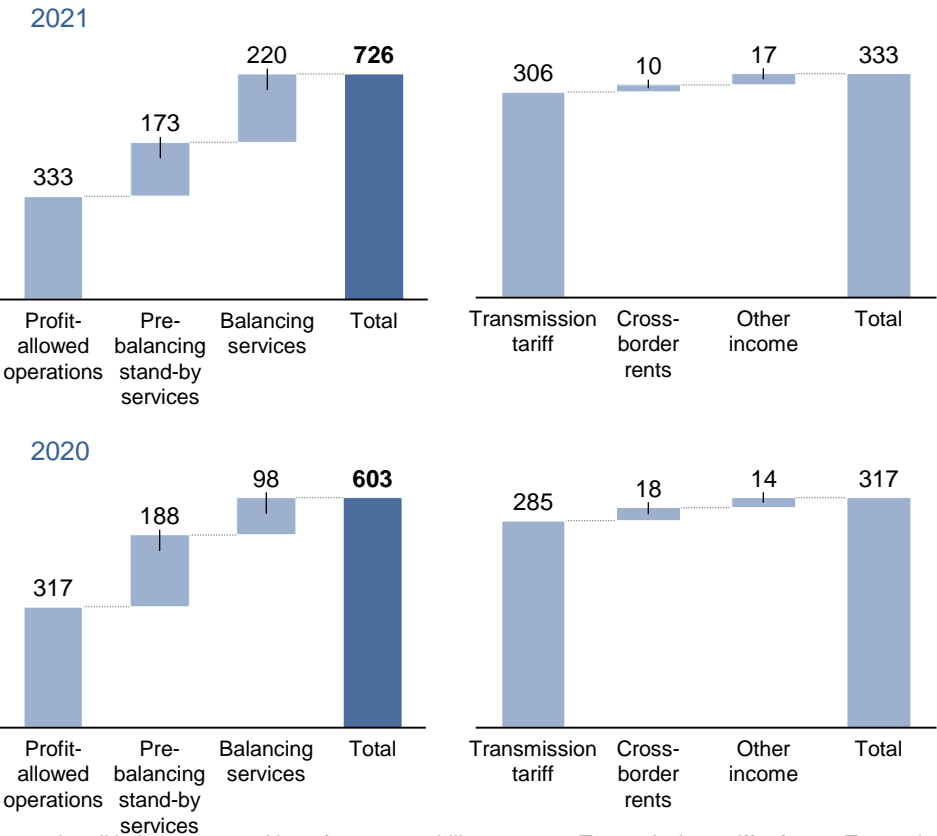
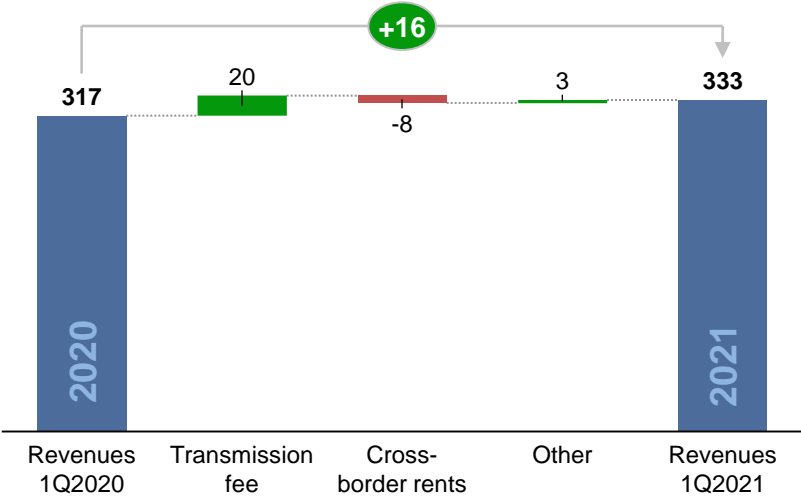


Chart unit: mil Lei Note: for comparability purposes Transmission tariff refers to Transmission and Dispatch

Operational revenues

PROFIT-ALLOWED OPERATIONS: BREAKDOWN



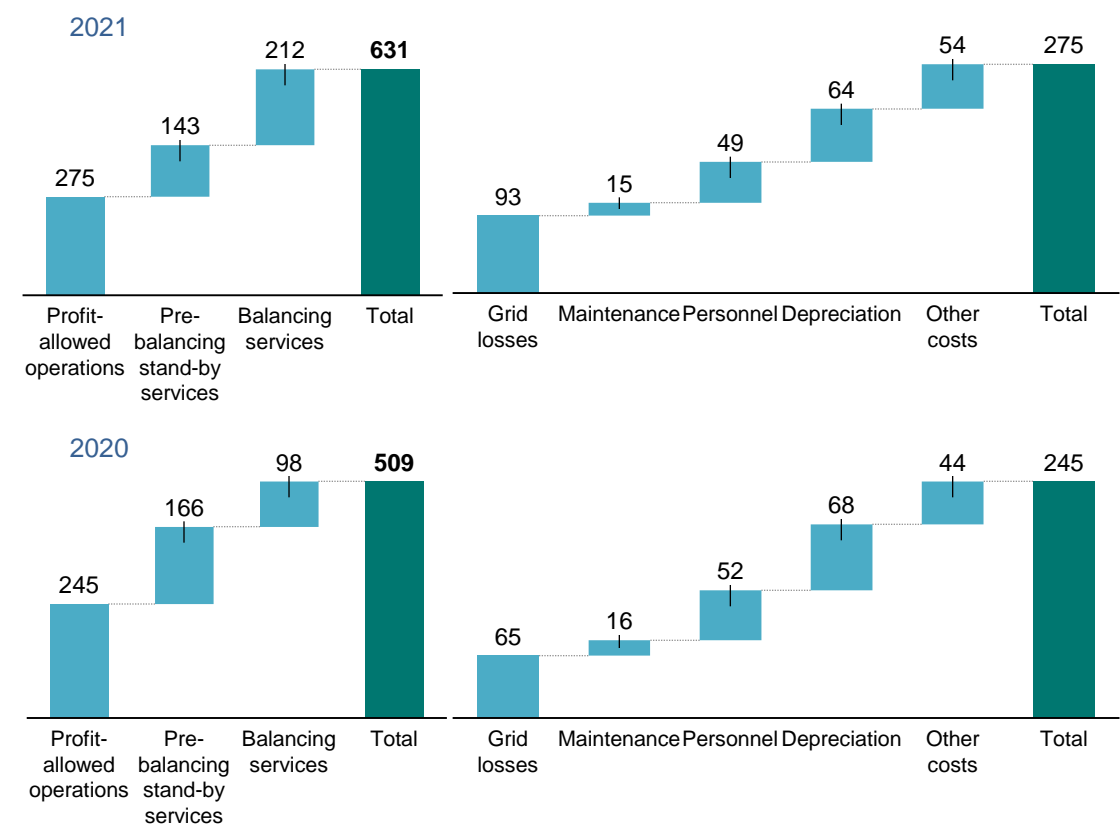
DRIVERS BEHIND THE DECREASE IN REVENUES

- ▲ Higher volumes (incl. base effect Mar-2020 Covid19 lockdown)
- ▼ Lower income generated from the sale of cross-border grid capacity (lower demand for electricity at regional level)

Operations | Costs

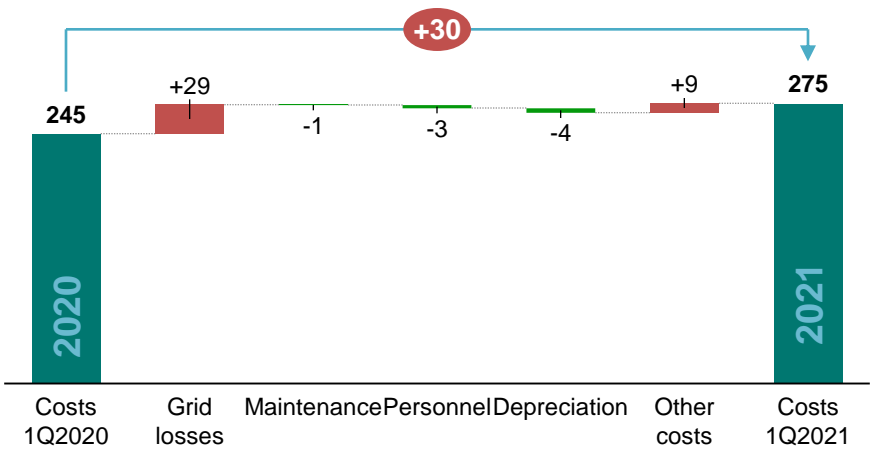
Operational expenses

ALL OPERATIONS PROFIT-ALLOWED OPERATIONS



Operational expenses

PROFIT-ALLOWED OPERATIONS: BREAKDOWN

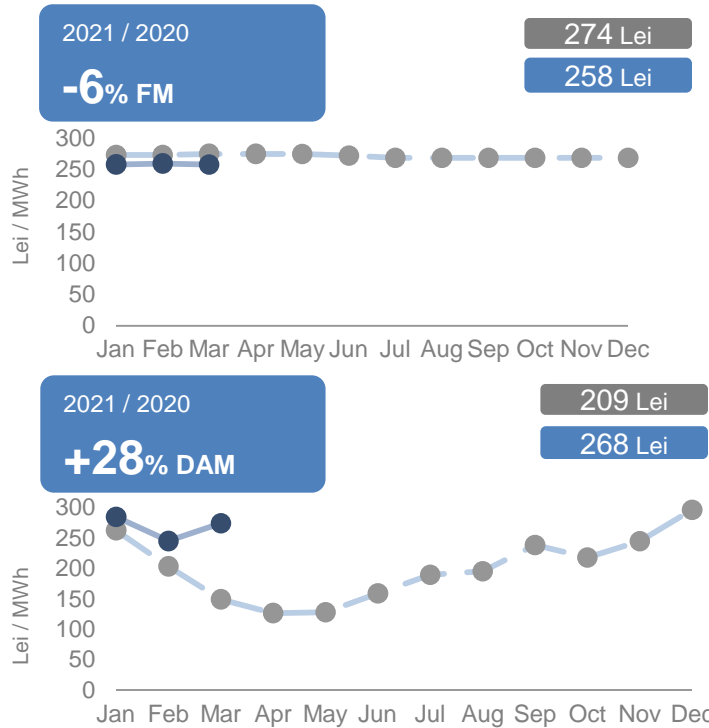
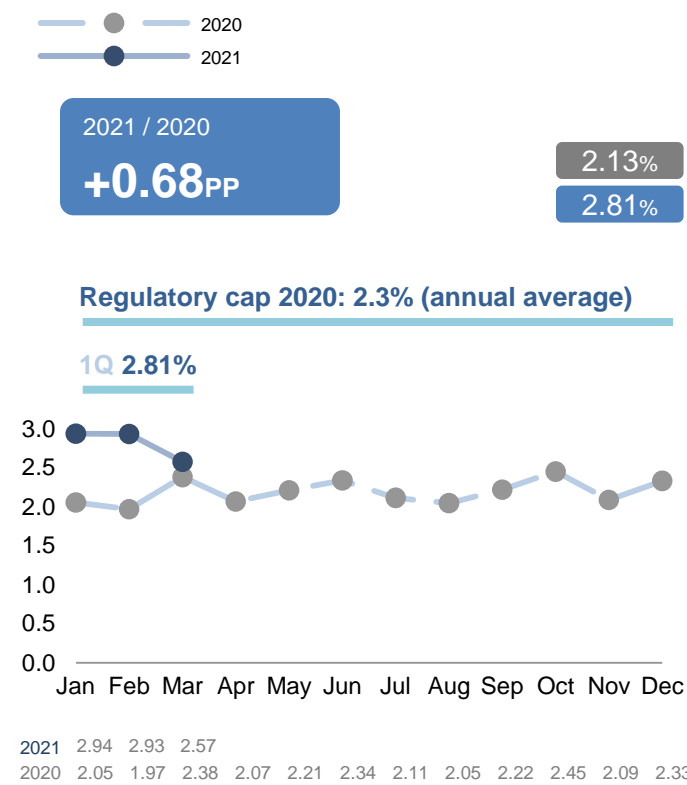


DRIVERS BEHIND THE EVOLUTION OF COSTS

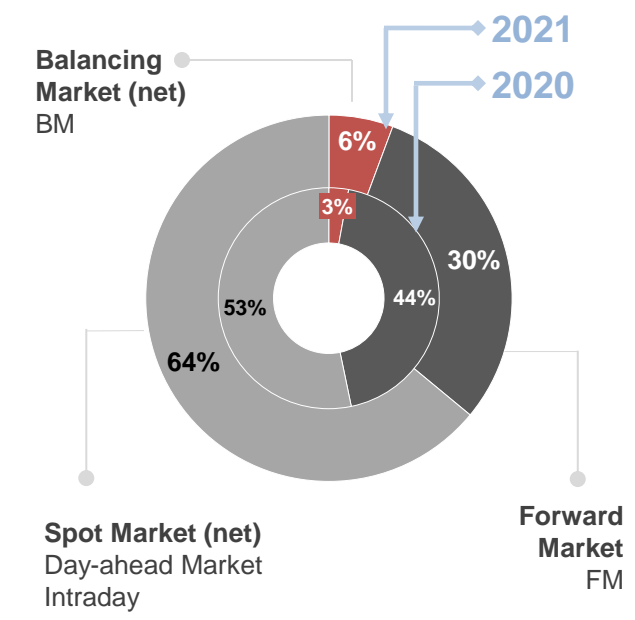
- ▲ Grid losses (higher loss factor due to unfavorable grid flow patterns and weather conditions i.e. high level of precipitations)
- ▲ Other costs – payments executed under the phantom stock plan of previous executives and directors (2013-2017)
- ▼ Personnel – the increase in salaries was offset by the reversal of a provision in connection with the phantom stock plan of previous executives and directors (2013-2017)

Chart unit: mil Lei





Operational costs | grid losses



GRID LOSSES

11.36 TWh
GRID IN-TAKE VOLUME IN 1Q2021

11.04 TWh
GRID OFF-TAKE VOLUME IN 1Q2021

2.81% (0.32 TWh)
GRID LOSSES 1Q2021

PRICES PAID PER MARKET

258 Lei/MWh (▼ 6%)
FORWARD MARKET (FM)

268 Lei/MWh (▲ 28%)
DAY-AHEAD MARKET (DAM)

414 Lei/MWh (▼ 50%)
BALANCING MARKET (BM) (Net, BRP fee included)

AVERAGE PRICE / PURCHASE MIX

273 Lei/MWh (▲ 7%)
CROSS-MARKET AVERAGE PRICE PAID

30%FM / 64%SPOT / 6%BM (2021)
PURCHASE MIX (VOLUMES)

44%FM / 53%SPOT / 3%BM (2020)
PURCHASE MIX (VOLUMES)

FROM REVENUES TO EBITDA

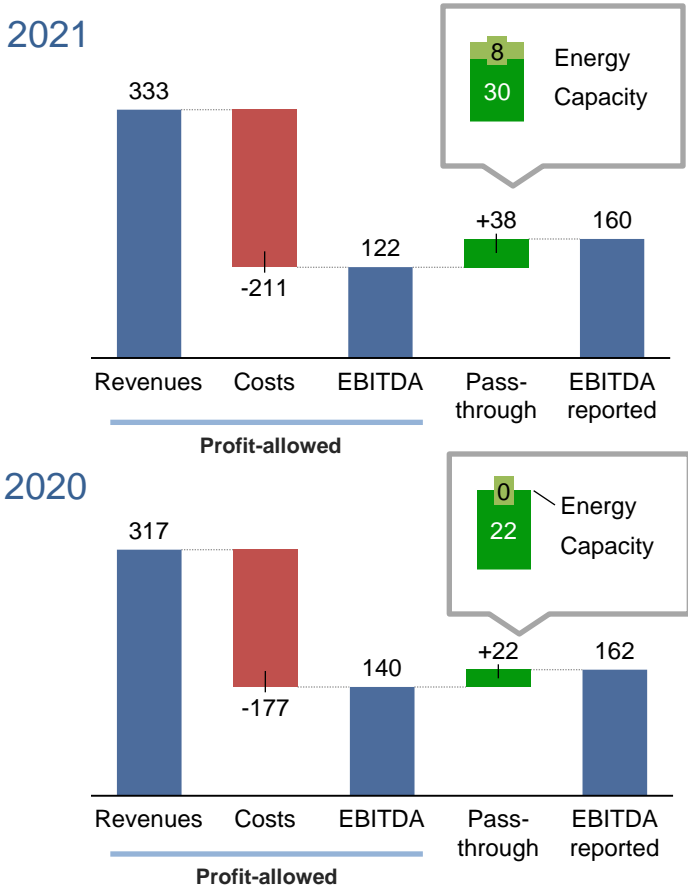
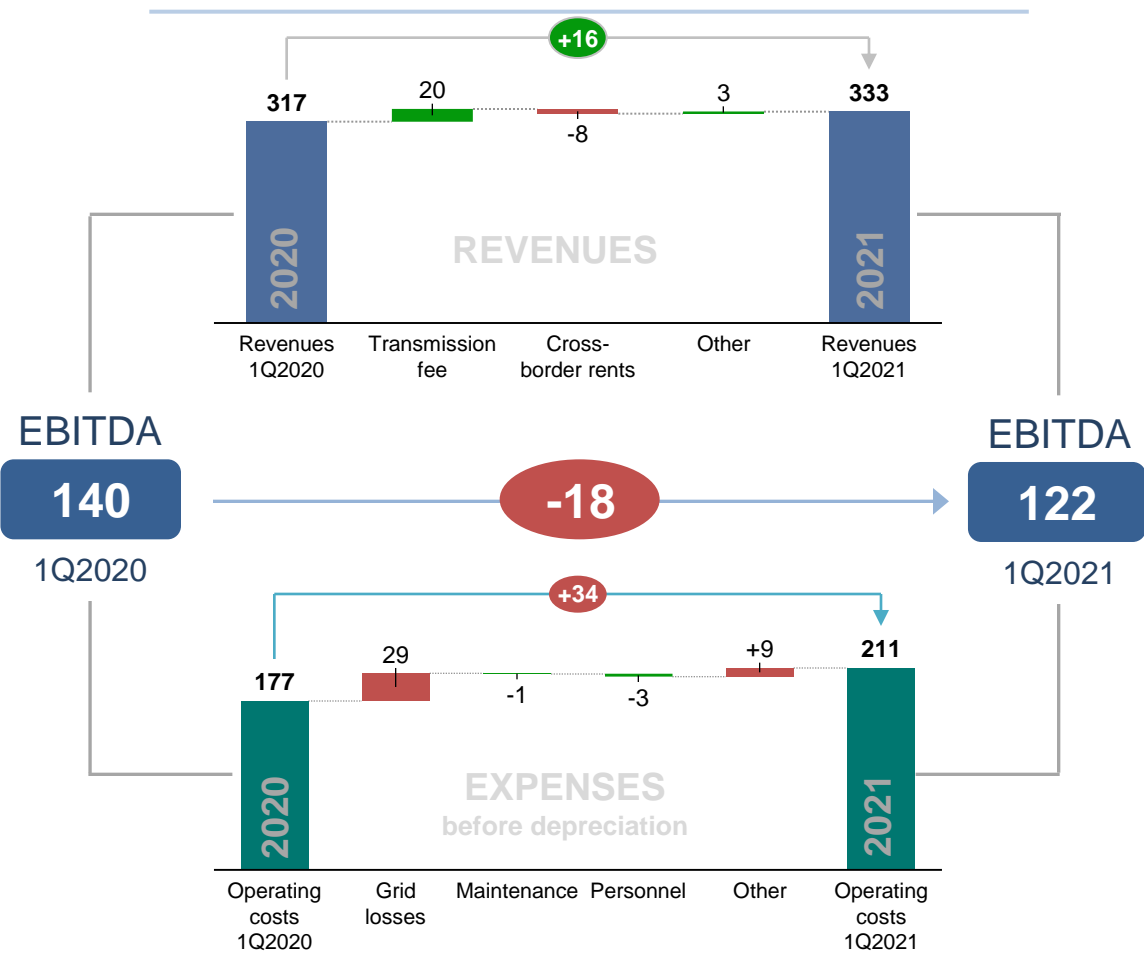


Chart unit: mil Lei

EBITDA BREAKDOWN (PROFIT-ALLOWED)



From EBITDA to Net income

FROM EBITDA TO NET INCOME

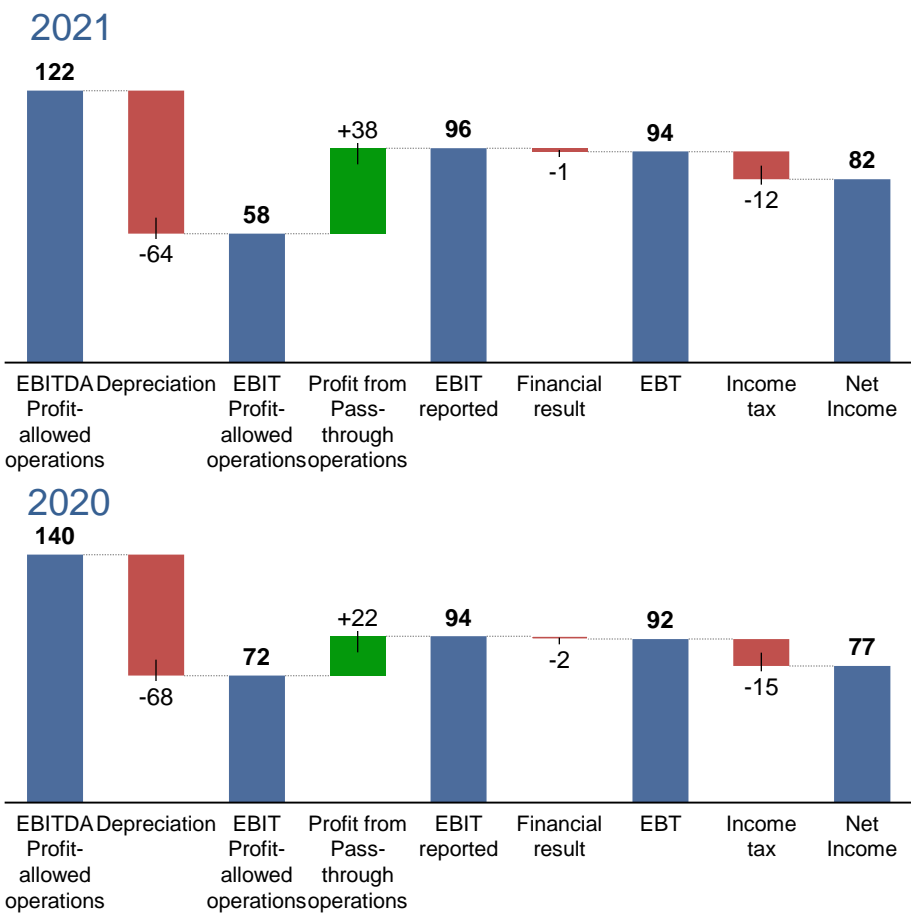
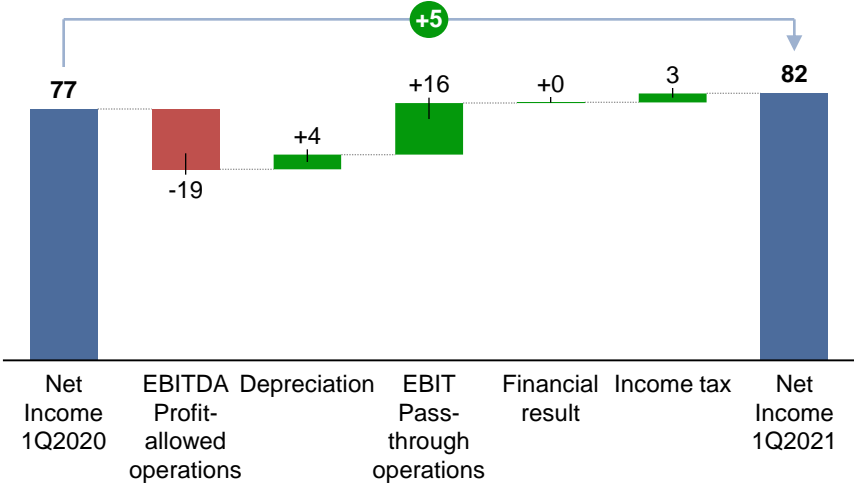


Chart unit: mil Lei

NET INCOME BREAKDOWN



MAIN DRIVERS BEHIND THE INCREASE IN NET INCOME

- ▲ Temporary gains from pass-through segment - grid balancing process:
 - +8 mil Lei capacity (stand-by reserve)
 - +8 mil Lei energy

Temporary gains to be reversed over the next year(s) (by tariff clawbacks by the Regulator)

Delivered in 2020

102
Lei m

New contracts

Total aggregate amount for contracts signed in 1Q2021

- Selected items:
- 39 mil lei - Modernization of Arefu grid substation
 - 38 mil lei - Modernization of Filesti grid substation
 - 11 mil lei - Installation of 21 monitoring units for transformer units across the grid



90
Lei m

Capital expenditure

Amounts added to construction-work-in-progress in 1Q2021

- Selected items:
- 32 mil lei - New internal line Cernavoda-Stalpu
 - 11 mil lei - Modernization of Iaz grid substation
 - 11 mil lei - Replacement of a transforming unit in Portile de Fier grid substation



46
Lei m

Assets commissioned

Amounts transferred from construction-work-in-progress to fixed assets in 1Q2021

- Selected items:
- 14 mil lei - Replacement of a transforming unit in Portile de Fier grid substation
 - 10 mil lei - Modernization of Bacau-Sud and Roman-Nord grid substations
 - 10 mil lei - Modernization of Ungheni grid substation



of which RAB: 40 Lei m



Thank you for your attention!

Reteaua Electrica de Transport din Romania



[Lei m]	1Q2021 IFRS unaudited	1Q2020 IFRS unaudited	
Billed volume [TWh]	14.93	14.41 ▲	3.6%
Profit-allowed operations			
Operational revenues	333	317 ▲	5.0%
Operational revenues Transmission	323	281 ▲	14.8%
Operational revenues Transmission Regulated fee	306	259 ▲	18.0%
Operational revenues Transmission Cross-border rents	10	18 ▼	42.0%
Operational revenues Transmission Other	7	4 ▲	58.3%
Operational revenues Dispatching	0	27 ▼	99.7%
Operational revenues Dispatching Regulated fee	0	27 ▼	-
Operational revenues Dispatching Unplanned cross-border flows	0	0 ▲	29.6%
Operational revenues Other income	10	10 ▲	8.0%
Operational costs	211	177 ▲	19.5%
Operational costs System operation	109	81 ▲	33.7%
Operational costs System operation Grid losses	93	65 ▲	44.4%
Operational costs System operation Congestion relief	0	0 ▲	
Operational costs System operation Power consumption in grid substations	6	4 ▲	45.0%
Operational costs System operation Inter-TSO-Compensation	5	6 ▼	8.3%
Operational costs System operation Other	4	7 ▼	40.8%
Operational costs Maintenance	15	16 ▼	3.3%
Operational costs Personell	49	52 ▼	5.6%
Operational costs Other	38	28 ▲	37.6%
EBITDA	122	140 ▼	13.2%
Operational costs Depreciation and amortization	64	68 ▼	6.6%
EBIT	58	72 ▼	19.6%
Pass-through operations			
Operational revenues	393	286 ▲	37.6%
Operational revenues System service	173	188 ▼	8.0%
Operational revenues Balancing service	220	98 ▲	125.8%
Operational costs	355	263 ▲	34.8%
Operational costs System service	143	166 ▼	13.8%
Operational costs Balancing service	212	98 ▲	117.6%
EBIT	38	22 ▲	70.9%
All operations (profit-allowed and pass-through)			
Operational revenues	726	603 ▲	20.5%
Operational costs	567	440 ▲	28.7%
EBITDA	160	162 ▼	1.7%
Operational costs Depreciation and amortization	64	68 ▼	6.6%
EBIT	96	94 ▲	1.9%
Financial result	-1	-2 ▲	13.0%
EBT	94	92 ▲	2.1%
Income tax	-12	-15 ▲	18.3%
Net Income	82	77 ▲	6.2%

TRANSELECTRICA S.A.



Web:

www.transelectrica.ro

Stock:

ISIN ROTSELACNOR9. Bloomberg TEL RO. Reuters ROTEL.BX



Post:

Olteni 2-4. Bucharest 3. Romania



E-mail:

relatii.investitori@transelectrica.ro



Tel:

+40 213035611



Fax:

+40 213035610



Executive Board

Catalin Nitu

Chair (CEO)

Ovidiu Anghel

Member

Corneliu Bogdan Marcu

Member

Andreea Mihaela Miu

Member

Marius Stanciu

Member



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