



Transelectrica SA

Transmission and System Operator
of the Romanian Electrical Power System

We lead the power

Financial results

9M2021

(01.01.2021 – 30.09.2021)

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 – 30 th September 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:

92021 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]	2,282 ▲ 37%	860 ▲ 50%	695 ▲ 43%	726 ▲ 20%	Higher revenues (profit-allowed +9%, pass-through +69%)
• EBITDA [mil lei]	296 ▼ 26%	43 ▼ 65%	94 ▼ 21%	160 ▼ 2%	Lower EBITDA (profit-allowed -18%, pass-through -61%)
• Net income [mil lei]	81 ▼ 47%	24 ▼ n/m	22 ▼ 42%	82 ▲ 6%	Lower after-tax profit

Operational

	9M y/y	3Q y/y	2Q y/y	1Q y/y	
• Consumption* [TWh]	43.37 ▲ 6.0%	14.10 ▲ 2.6%	13.81 ▲ 12.5%	15.46 ▲ 3.7%	Full post-Covid recovery of local electricity demand
• Production* [TWh]	42.41 ▲ 8.2%	12.98 ▼ 1.2%	14.24 ▲ 22.4%	15.19 ▲ 5.4%	Sizeable increase in electricity production
• Imp/Exp net [TWh]	+0.96 ▼ 45%	+1.12 85%	-0.43 n/m	+0.27 ▼ 44.8%	Net import

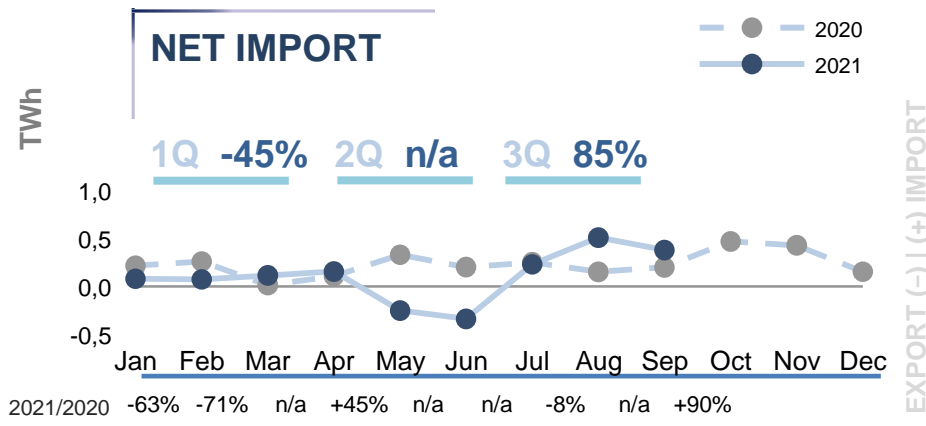
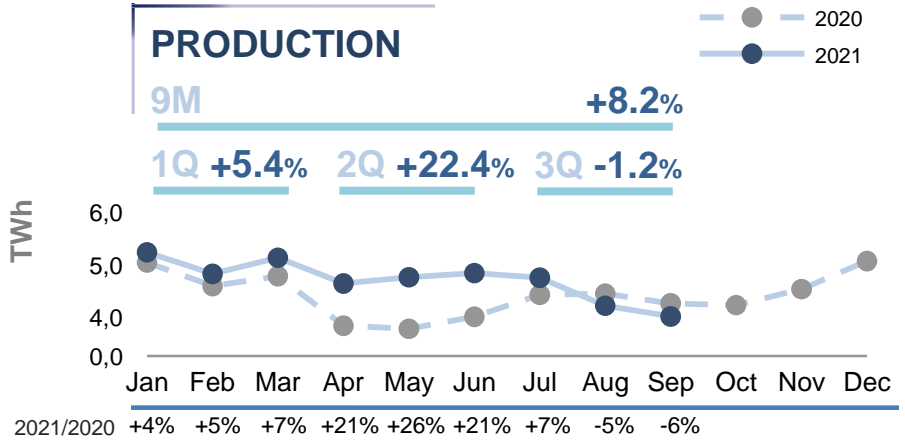
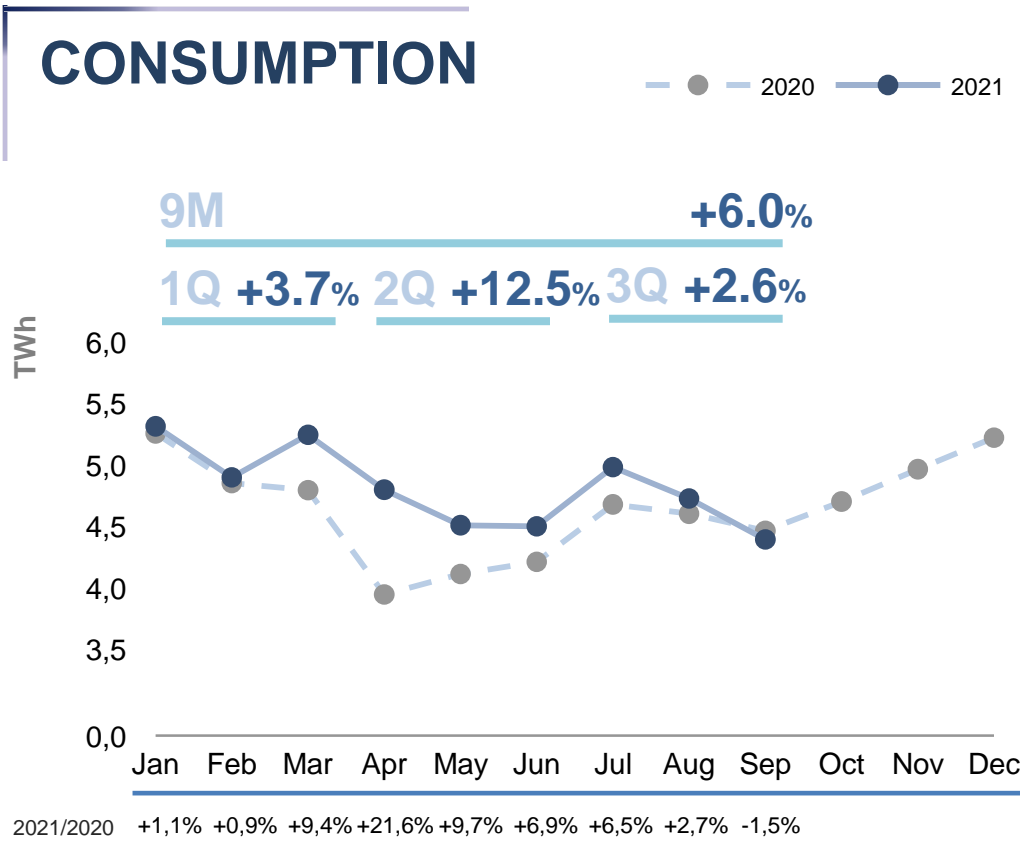
*consumption/generation numbers do not include power plants' own electricity consumption. Consumption includes (i) consumption for hydro pumped storage, and (ii) energy losses in transmission and distribution networks. Cross-border net flow is calculated based on physical flows (export-import) aggregated 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): lower y/y gain in 9M2021 driven by the tariff cut as of 1-March 2021
 - Energy balancing services: temporary gain in 9M2021 (Feb-Jun) 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 over the next year(s) by adjustments to the transmission tariff)

Domestic demand – post-Covid19 full recovery in 9M2021 (+6% y.o.y.)

Domestic production – increase in 9M2021 (+8.2% y.o.y.)



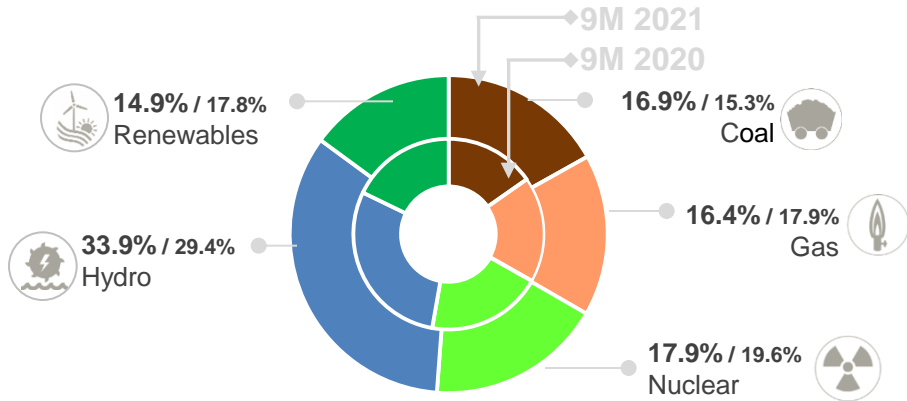
Consumption and generation numbers do not include power plants' own electricity consumption. Consumption includes (i) energy losses in transmission and distribution networks, and (ii) consumption for hydro pumped storage. Cross-border net flow is calculated based on physical flows (import-export).



Results 9M2021

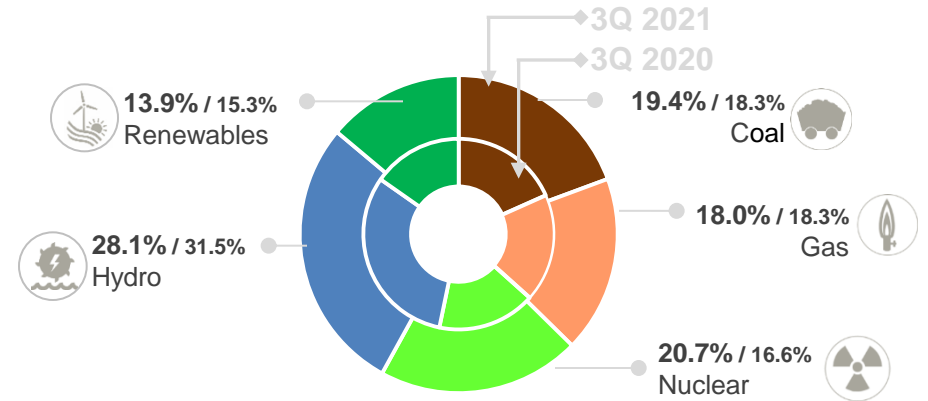
9M 2021 / 9M 2020

Electricity net production mix



3Q 2021 / 3Q 2020

Electricity net production mix

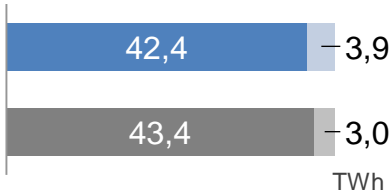


0.96TWh
Net Import

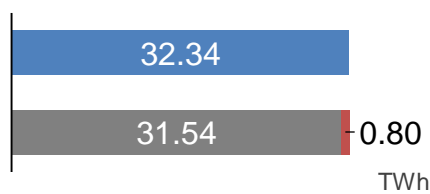
9M 2021

2.48%

National electricity balance



Transmission losses



National power plant output
Import

National consumption
Export

Grid in-take volume

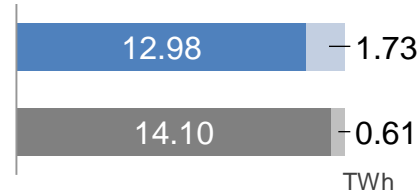
Grid out-take volume
Grid losses

1,12TWh
Net Export

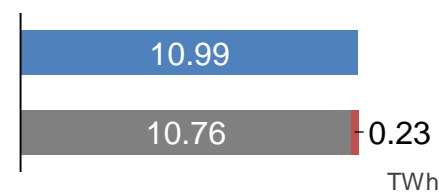
3Q 2021

2.12%

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

[Lei m]	9M2021	9M2020	Δ abs	Δ %
Billed volume [TWh]	41,93	39,48	+2,44	+5,8%
Profit-allowed operations				
Revenues	952	876	+76	+8,0%
Costs	687	555	+133	+19,3%
EBITDA	264	321	-57	-21,4%
<i>EBITDA margin</i>	28%	37%	-0	
Depreciation	196	202	-6	-3,1%
EBIT	68	119	-50	-74,0%
Pass-through operations				
Revenues	1.330	788	+542	+40,8%
Costs	1.299	708	+591	+45,5%
EBIT	32	80	-49	
All operations				
EBITDA	296	401	-106	-35,7%
EBIT	100	199	-99	-99,6%
EBT	97	197	-100	-103,4%
Net Income	81	152	-72	-88,6%

Volumes

- **Higher volumes** (growing electricity demand incl. base effect of Covid-19 lockdown activated mid-March 2020)

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 especially in 3Q)
- **Growing revenues** (post-Covid volume recovery and higher tariff) partly offset the increase in costs

Pass-through segment – temporary gains

Stand-by balancing capacity services (balancing reserves)

Lower y.o.y profit due to the tariff cut as of 1-March 2021 (accrued temporary gains of ca. Lei 95 millions as of 1-March 2021 to be reversed within a 2021-2022 timeframe: 50% in 2021 Mar-Dec and 50% in 2022 Jan-Dec - tariff claw back process monitored by the Regulator).

Energy balancing services

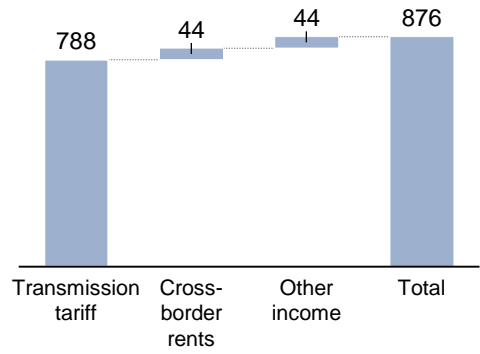
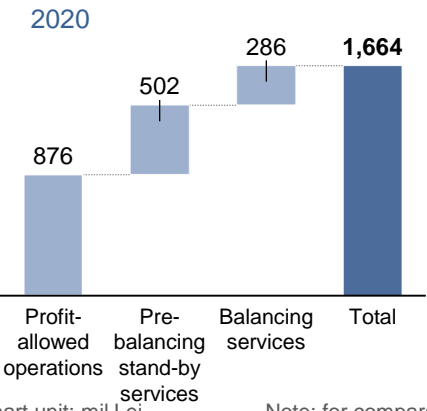
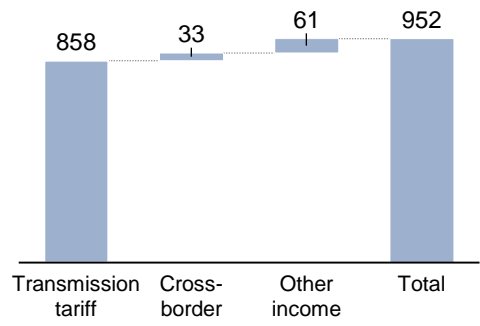
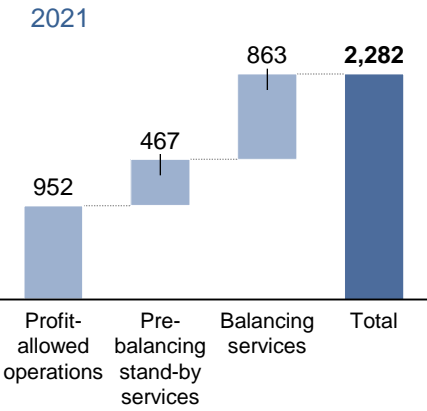
- ! Temporary profit in 9M2021 due to new settlement rules in place since 1-Feb-2021 (balancing financial neutrality to be achieved under a new cross-segment framework i.e. any balancing gains/losses to be offset by adjusting the transmission tariff). Temporary gain to be reversed over the next year(s) (tariff claw back process monitored by the Regulator). Balancing operations (cost of balancing energy vs. income from imbalance settlement) remain neutral to Transelectrica's profit generation capacity. Temporary gains/losses are fully offset ex-post by tariff adjustments to secure Transelectrica's financial neutrality according to the regulations in place.

Operations | Revenues

Operational revenues

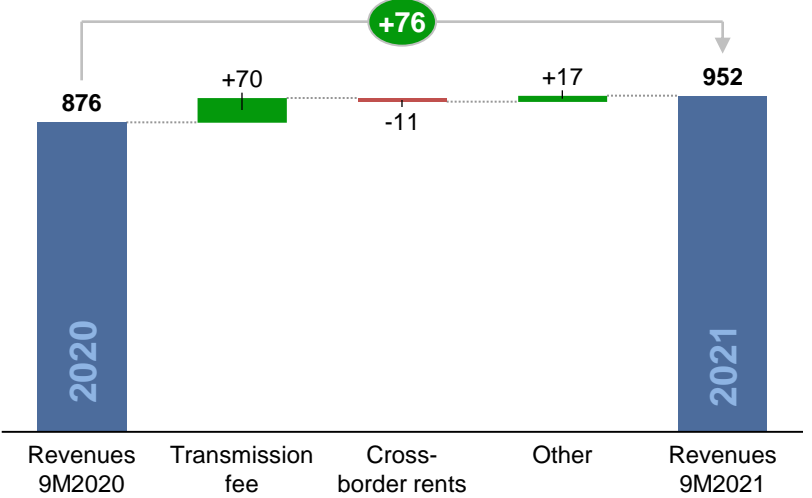
ALL OPERATIONS

PROFIT-ALLOWED OPERATIONS



Operational revenues

PROFIT-ALLOWED OPERATIONS: BREAKDOWN



DRIVERS BEHIND THE DECREASE IN REVENUES

- ▲ Higher volumes (including the strong base effect of Covid19 hard lockdown in Q2 2020)
- ▼ Lower income generated from the sale of cross-border grid capacity (lower demand for cross-border trading)

Chart unit: mil Lei

Note: for comparability purposes Transmission tariff refers to Transmission and Dispatch



Operations | Costs

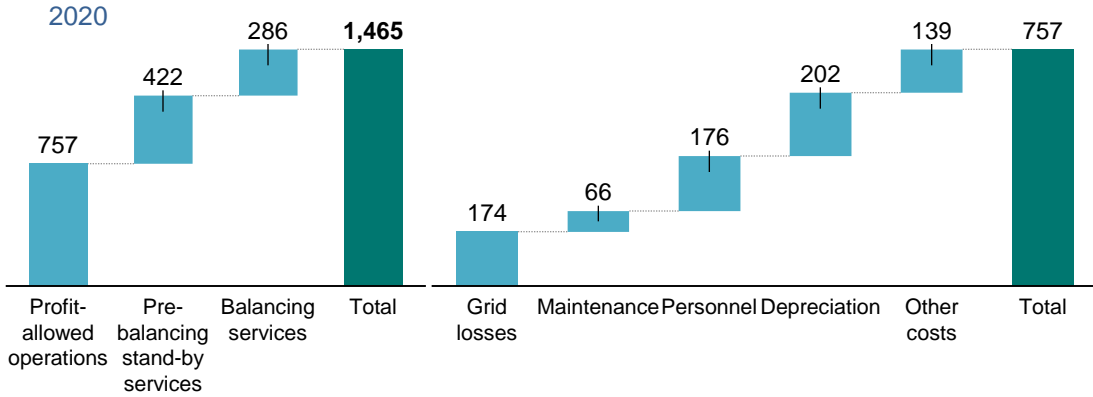
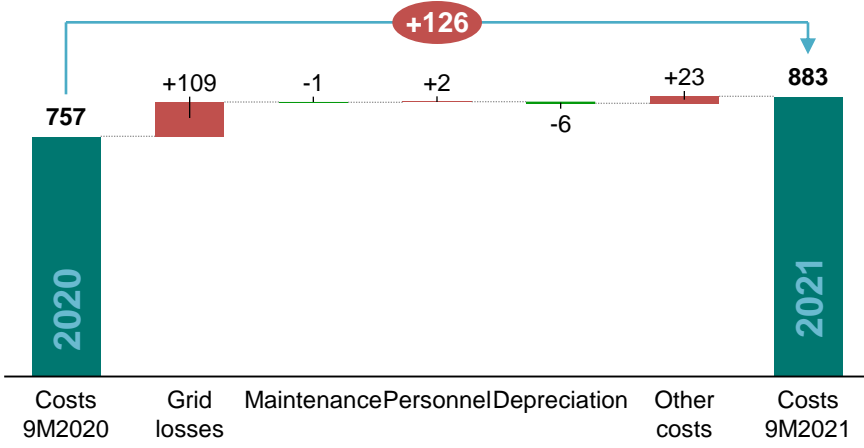
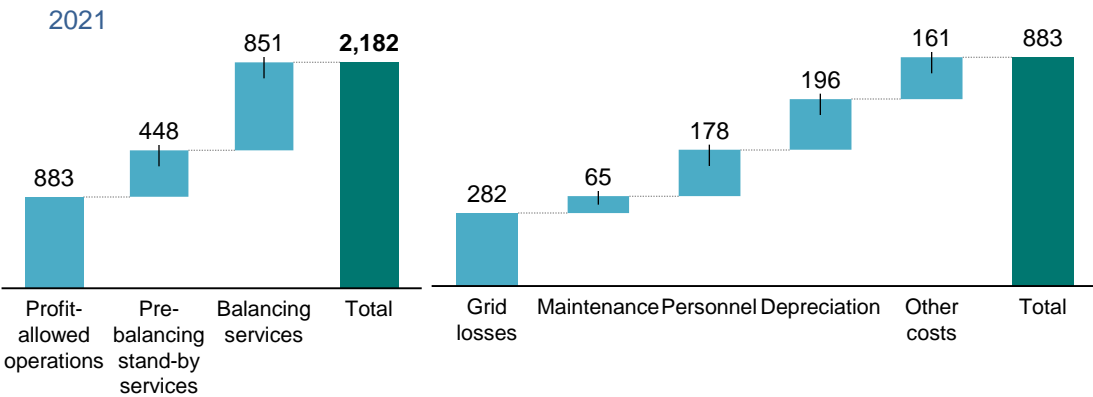
Operational expenses

Operational expenses

ALL OPERATIONS

PROFIT-ALLOWED OPERATIONS

PROFIT-ALLOWED OPERATIONS: BREAKDOWN



DRIVERS BEHIND THE EVOLUTION OF COSTS

- ▲ Grid losses (higher loss factor due to unfavorable grid flow patterns and weather conditions, higher electricity market prices)
- ▲ 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



WE LEAD THE POWER

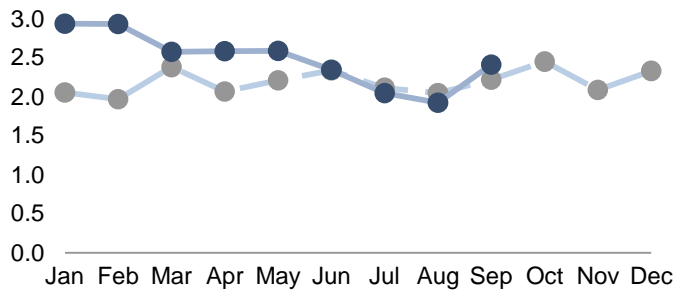
—●— 2020
—●— 2021

2021 / 2020
+0.33PP

2.15%
2.48%

Regulatory cap 2021: 2.3% (annual average)

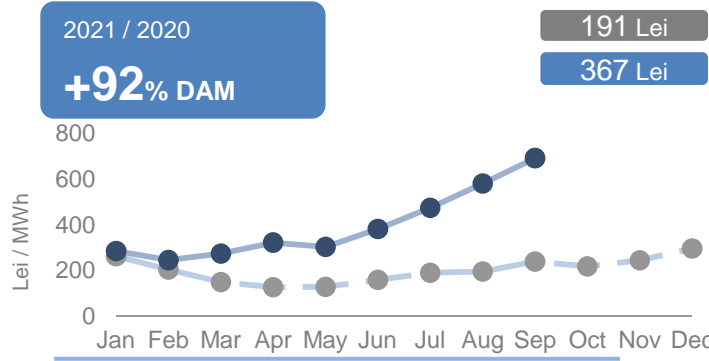
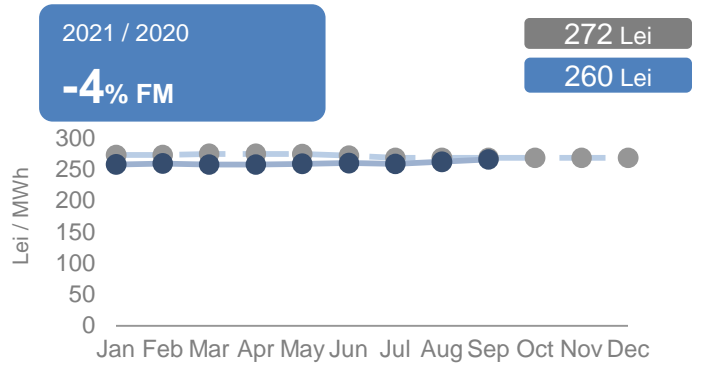
9M **2.48%**
1Q **2.81%** 2Q **2.50%** 3Q **2.12%**



2021 2,94 2,93 2,57 2,58 2,59 2,35 2,05 1,92 2,41
2020 2,05 1,97 2,38 2,07 2,21 2,34 2,11 2,05 2,22 2,45 2,09 2,33

GRID LOSSES

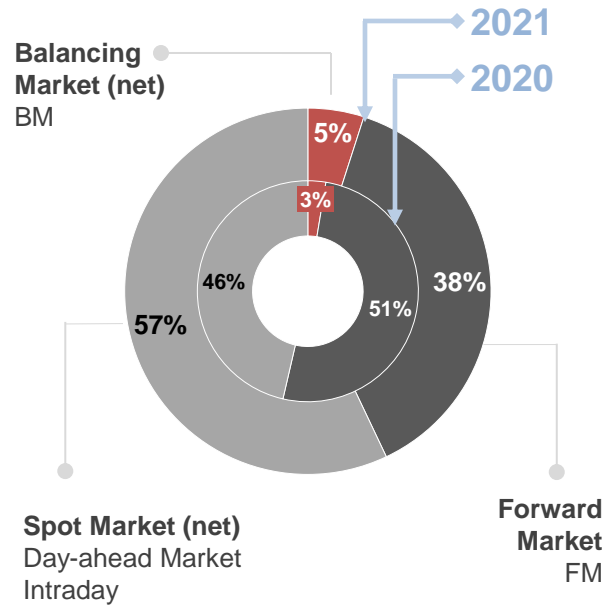
32.34 TWh
GRID IN-TAKE VOLUME IN 9M2021
31.54 TWh
GRID OFF-TAKE VOLUME IN 9M2021
2.48% (0.80TWh)
GRID LOSSES 1H2021



PRICES PAID PER MARKET

260 Lei/MWh (▼ 4%)
FORWARD MARKET (FM)
367 Lei/MWh (▲ 92%)
DAY-AHEAD MARKET (DAM)
451 Lei/MWh (▼ 47%)
BALANCING MARKET (BM) (Net, BRP fee included)

Operational costs | grid losses

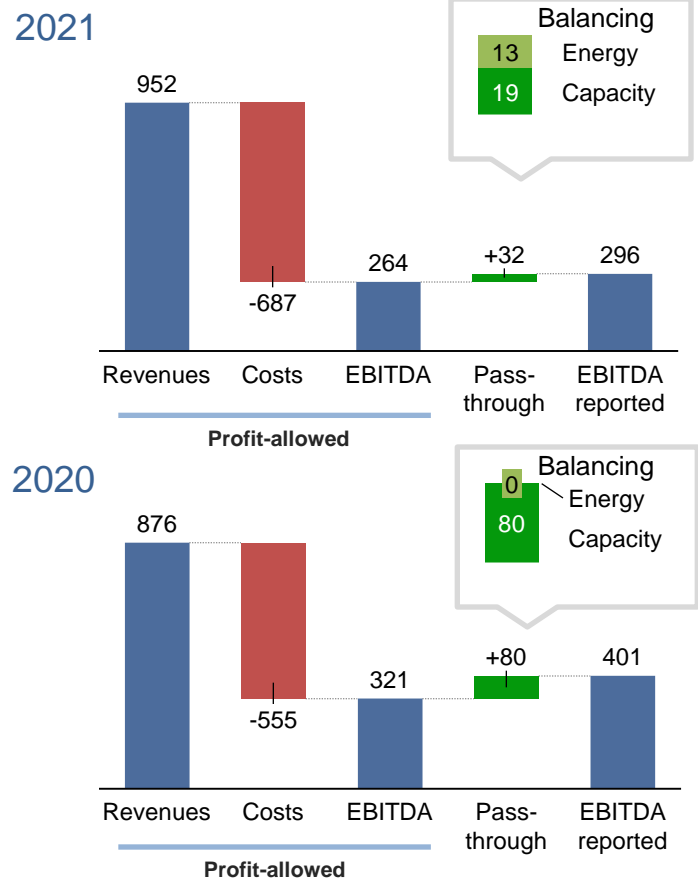


AVERAGE PRICE / PURCHASE MIX

331 Lei/MWh (▲ 32%)
CROSS-MARKET AVERAGE PRICE PAID
38%FM / 57%SPOT / 5%BM (2021)
PURCHASE MIX (VOLUMES)
51%FM / 46%SPOT / 3%BM (2020)
PURCHASE MIX (VOLUMES)



FROM REVENUES TO EBITDA



EBITDA BREAKDOWN (PROFIT-ALLOWED)

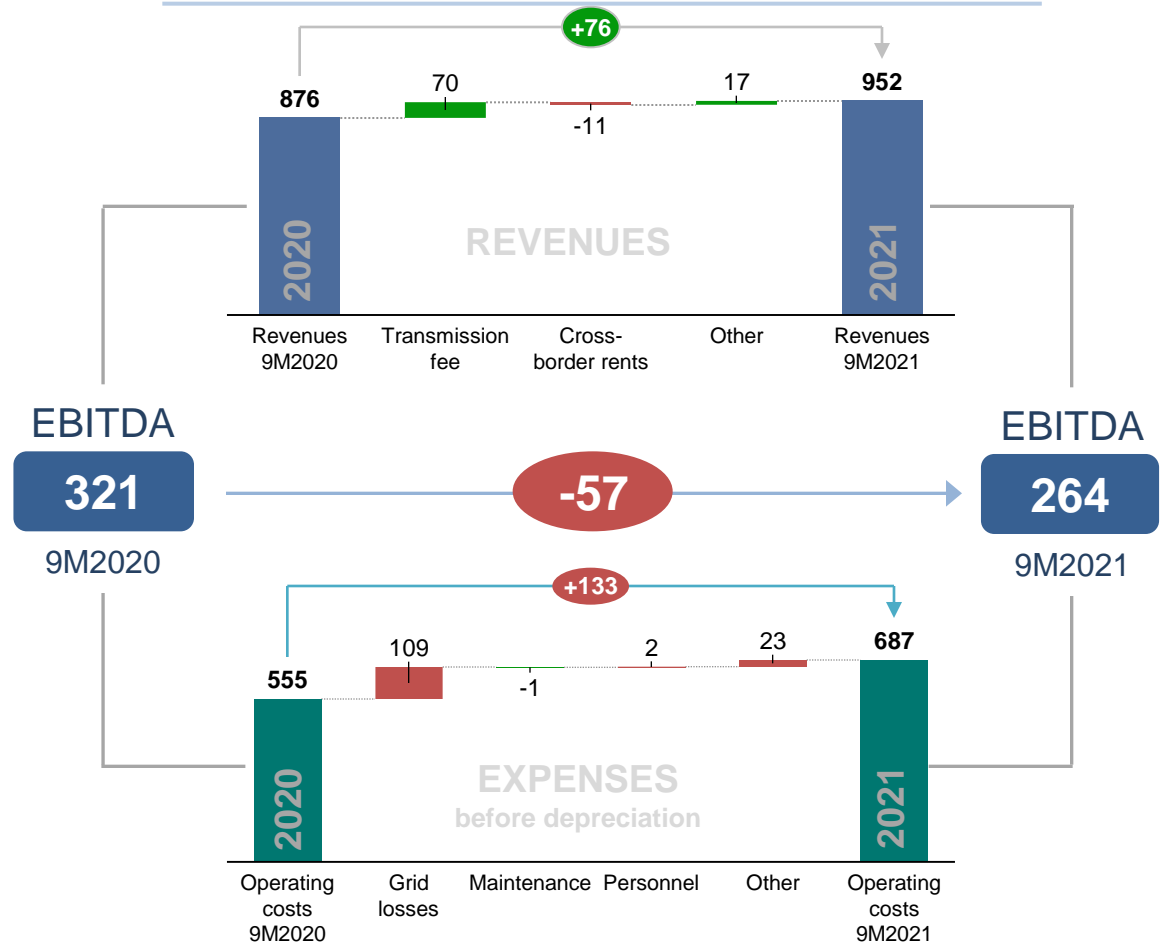
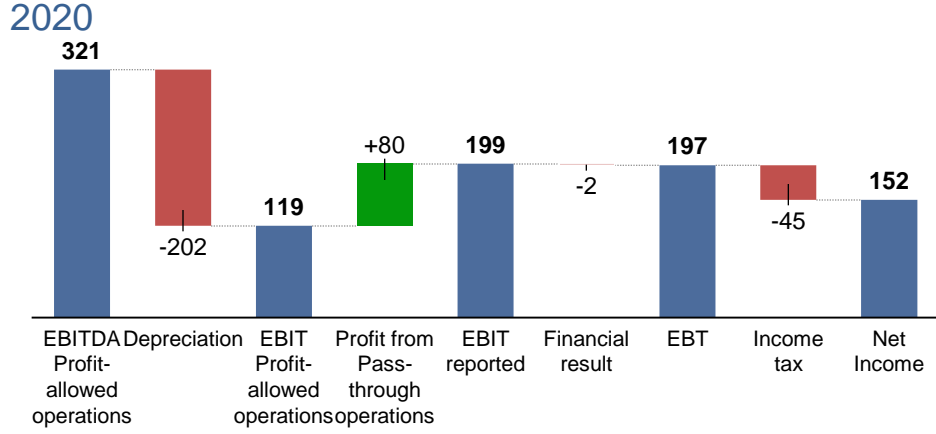
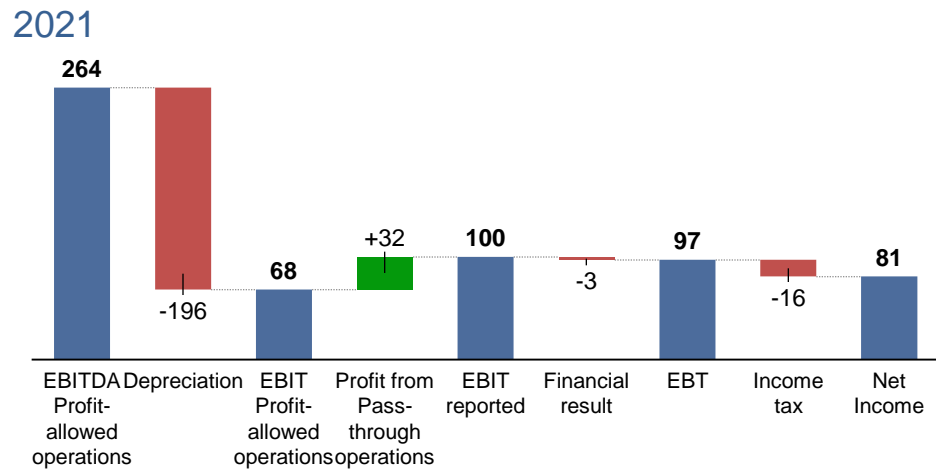


Chart unit: mil Lei

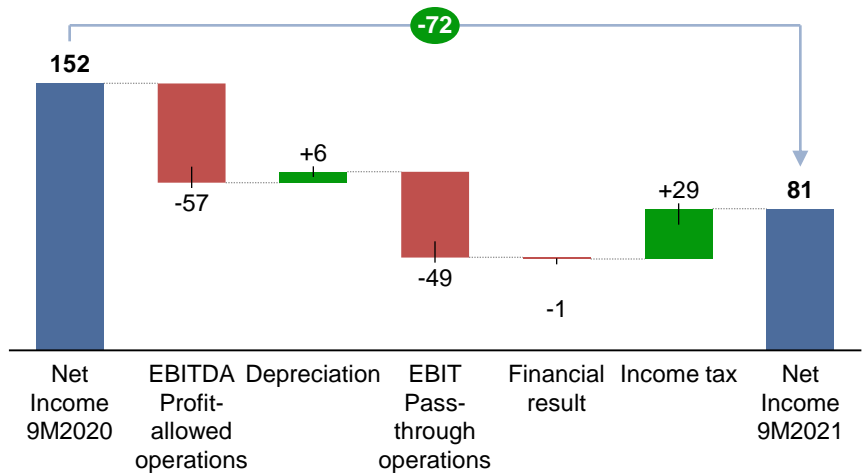


From EBITDA to Net income

FROM EBITDA TO NET INCOME



NET INCOME BREAKDOWN



MAIN DRIVERS BEHIND THE DECREASE IN NET INCOME

- ▼ Deterioration of EBITDA from core operations (transmission) mainly driven by increasing operating costs i.e. grid losses, due to surging electricity prices in the wholesale market
- ▼ Lower EBIT from pass-through segment (tariff back logs)

Chart unit: mil Lei



Delivered in 9M2021

509
Lei m

New contracts

Total aggregate amount for contracts signed in 9M2021

Selected items:

- 248 mil lei - New internal line Gutinas-Smardan
- 96 mil lei - Modernization of Pelicanu grid substation
- 43 mil lei - Transmission capacity upgrade of internal line Stejaru-Fantanele



399
Lei m

Capital expenditure

Amounts added to construction-work-in-progress in 9M2021

Selected items:

- 132 mil lei - New internal line Cernavoda-Stalpu
- 26 mil lei - New internal line Portile de Fier-Resita within the wider 400kV Wester Corridor project
- 23 mil lei - Modernization of Domnesti grid substation



102
Lei m

Assets commissioned

Amounts transferred from construction-work-in-progress to fixed assets in 9M2021

Selected items:

- 15 mil lei - Commissioning of a new transforming unit in Sibiu Sud grid substation
- 14 mil lei - Replacement of a transforming unit in Portile de Fier grid substation
- 12 mil lei - Commissioning of two electrical equipment units connecting two voltage control units to grid



of which RAB: 93 Lei m



Thank you for your attention!

[Lei m]	9M2021 IFRS unaudited	9M2020 IFRS unaudited		3Q2021 IFRS unaudited	3Q2020 IFRS unaudited		2Q2021 IFRS unaudited	2Q2020 IFRS unaudited		1Q 2021 IFRS unaudited	1Q 2020 IFRS unaudited					
Billed volume [TWh]	41.93	39.48	▲	6.2%	13.65	13.23	▲	3.2%	13.35	11.84	▲	12.7%	14.93	14.41	▲	4%
Profit-allowed operations																
Operational revenues	952	876	▲	8.7%	317	295	▲	7.4%	302	263	▲	14.5%	333	317	▲	5%
Operational revenues Transmission	910	759	▲	20.0%	298	252	▲	18.4%	290	226	▲	28.1%	323	281	▲	15%
Operational revenues Transmission Regulated fee	858	707	▲	21.4%	278	236	▲	17.7%	274	211	▲	29.6%	306	259	▲	18%
Operational revenues Transmission Cross-border rents	33	44	▼	25.4%	12	13	▼	5.2%	10	13	▼	22.5%	10	18	▼	42%
Operational revenues Transmission Other	20	8	▲	142.7%	8	2	▲	211.7%	6	2	▲	256.7%	7	4	▲	58%
Operational revenues Dispatching	12	84	▼	85.7%	9	35	▼	74.6%	3	23	▼	86.2%	0	27	▼	100%
Operational revenues Dispatching Regulated fee	0	81	▼	-	0	33	▼	-	0	22	▼	-	0	27	▼	-
Operational revenues Dispatching Unplanned cross-border flows	12	2	▲	392.1%	9	2	▲	432.4%	3	1	▲	329.3%	0	0	▲	30%
Operational revenues Other income	29	33	▼	11.7%	10	9	▲	13.2%	9	15	▼	40.0%	10	10	▲	8%
Operational costs	687	555	▲	23.9%	266	210	▲	26.7%	210	168	▲	25.1%	211	177	▲	19%
Operational costs System operation	325	218	▲	49.4%	123	75	▲	64.5%	93	62	▲	51.7%	109	81	▲	34%
Operational costs System operation Grid losses	282	174	▲	62.5%	106	60	▲	76.1%	83	49	▲	69.9%	93	65	▲	44%
Operational costs System operation Congestion relief	0	0	▼	-	0	0	▼	-	0	0	-	-	0	0	▲	-
Operational costs System operation Power consumption in grid substations	15	12	▲	20.2%	4	3	▲	33.7%	4	5	▼	10.7%	6	4	▲	45%
Operational costs System operation Inter-TSO-Compensation	13	10	▲	23.8%	4	2	▲	49.6%	4	2	▲	81.1%	5	6	▼	8%
Operational costs System operation Other	15	21	▼	28.1%	9	9	▲	0.9%	3	6	▼	57.2%	4	7	▼	41%
Operational costs Maintenance	65	66	▼	1.4%	28	29	▼	3.9%	22	21	▲	3.6%	15	16	▼	3%
Operational costs Personell	178	176	▲	1.3%	65	68	▼	3.5%	64	56	▲	13.4%	49	52	▼	6%
Operational costs Other	118	95	▲	24.9%	50	38	▲	29.5%	31	29	▲	6.5%	38	28	▲	38%
EBITDA	264	321	▼	17.7%	50	85	▼	40.5%	92	96	▼	3.9%	122	140	▼	13%
Operational costs Depreciation and amortization	196	202	▼	3.1%	66	66	▼	0.4%	66	68	▼	2.1%	64	68	▼	7%
EBIT	68	119	▼	42.5%	-15	19	▼	-	26	28	▼	8.0%	58	72	▼	20%
Pass-through operations																
Operational revenues	1,330	788	▲	68.8%	543	279	▲	95.0%	394	224	▲	76.0%	393	286	▲	38%
Operational revenues System service	467	502	▼	6.9%	149	159	▼	6.1%	145	155	▼	6.5%	173	188	▼	8%
Operational revenues Balancing service	863	286	▲	201.7%	394	120	▲	228.6%	249	69	▲	262.7%	220	98	▲	126%
Operational costs	1,299	708	▲	83.5%	551	243	▲	126.5%	392	201	▲	95.4%	355	263	▲	35%
Operational costs System service	448	422	▲	6.3%	157	123	▲	26.9%	148	132	▲	12.2%	143	166	▼	14%
Operational costs Balancing service	851	286	▲	197.4%	395	120	▲	228.9%	244	69	▲	255.9%	212	98	▲	118%
EBIT	32	80	▼	60.8%	-8	35	▼	-	1	23	▼	94.3%	38	22	▲	71%
All operations (profit-allowed and pass-through)																
Operational revenues	2,282	1,664	▲	37.2%	860	574	▲	49.9%	695	487	▲	42.8%	726	603	▲	20%
Operational costs	1,986	1,262	▲	57.3%	817	454	▲	80.2%	602	368	▲	63.4%	567	440	▲	29%
EBITDA	296	401	▼	26.3%	43	120	▼	64.6%	94	119	▼	21.3%	160	162	▼	2%
Operational costs Depreciation and amortization	196	202	▼	3.1%	66	66	▼	0.4%	66	68	▼	2.1%	64	68	▼	7%
EBIT	100	199	▼	49.9%	-23	54	▼	-	27	51	▼	46.6%	96	94	▲	2%
Financial result	-3	-2	▼	40.5%	-1	0	▼	696.3%	0	0	▼	47.7%	-1	-2	▲	13%
EBT	97	197	▼	50.8%	-24	54	▼	-	27	51	▼	47.1%	94	92	▲	2%
Income tax	-16	-45	▲	64.1%	1	-17	▲	-	-4	-12	▲	64.4%	-12	-15	▲	18%
Net Income	81	152	▼	47.0%	-24	37	▼	-	22	38	▼	41.5%	82	77	▲	6%

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****Bogdan Toncescu****Chair (CEO)****Ionut Bogdan Grecia****Member****Adrian Moraru****Member****Catalin Constantin Nadolu****Member****Marius Viorel Stanciu****Member**



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