

# Transelectrica SA

**Transmission and System Operator**  
of the Romanian Electrical Power System

We lead the power

**Financial results**

**FY 2021**

(01.01.2021 – 31.12.2021)

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](http://www.transelectrica.ro).

### FINANCIAL NUMBERS:

<i>reporting period:</i>	1 <sup>st</sup> January 2021 – 31 <sup>st</sup> December 2021
<i>reporting standard:</i>	International Financial Reporting Standards (IFRS)
<i>basis/scope:</i>	standalone (unconsolidated)
<i>external audit:</i>	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:

### FY 2021 results

- Key numbers
- Operational results
- Financial results
- Investment

### Q&A



## Financials

12M y/y

4Q y/y

3Q y/y

2Q y/y

1Q y/y

• Revenues [mil lei]	3,756 ▲ 59%	1,474 ▲ 109%	860 ▲ 50%	695 ▲ 43%	726 ▲ 20%
• EBITDA [mil lei]	285 ▼ 36%	-11 ▼ n/m	43 ▼ 65%	94 ▼ 21%	160 ▼ 2%
• Net income [mil lei]	0 ▼ 99%	-80 ▼ n/m	24 ▼ n/m	22 ▼ 42%	82 ▲ 6%

## Operational

12M y/y

4Q y/y

3Q y/y

2Q y/y

1Q y/y

• Consumption* [TWh]	58.39 ▲ 4.6%	14.97 ▲ 0.5%	14.16 ▲ 3.0%	13.81 ▲ 12.5%	15.46 ▲ 3.7%
• Production* [TWh]	56.19 ▲ 6.0%	13.72 ▼ 0.9%	13.04 ▼ 1.2%	14.24 ▲ 22.4%	15.19 ▲ 5.4%
• Imp/Exp net [TWh]	+2.20 ▼ 21%	+1.25 ▲ 19%	+1.12 ▲ 85%	-0.43 n/m	+0.27 ▼ 44.8%

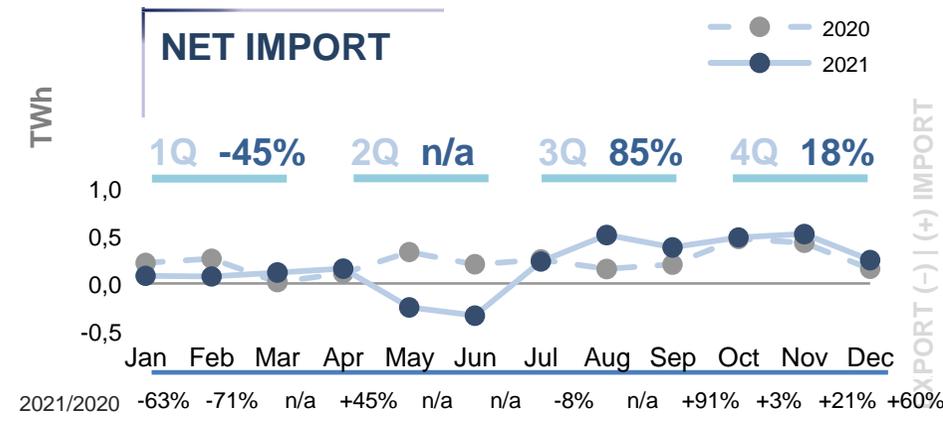
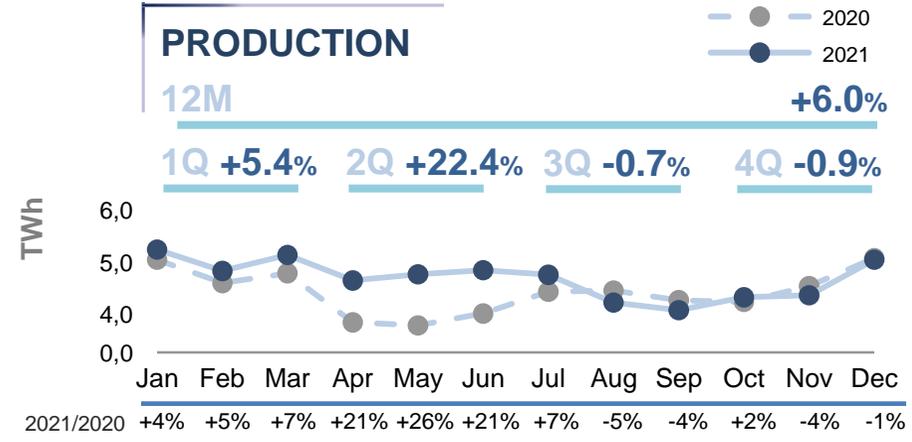
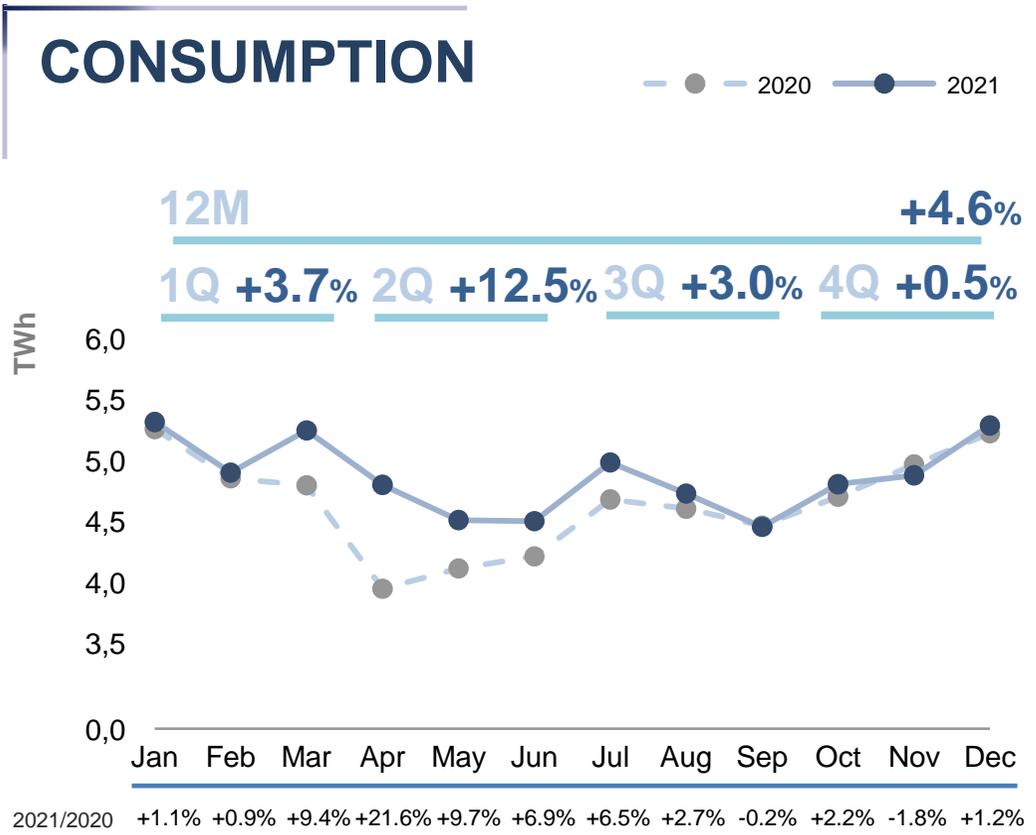
\*consumption/generation numbers do not include power plants' own electricity consumption. Consumption includes (i) consumption for hydro pumped storage, and (ii) energy losses in transmission and distribution networks. Cross-border net flow is calculated based on physical flows (export-import) aggregated 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 2021 (+4.6% y.o.y.)

Domestic production – increase in 2021 (+6.0% y.o.y.)

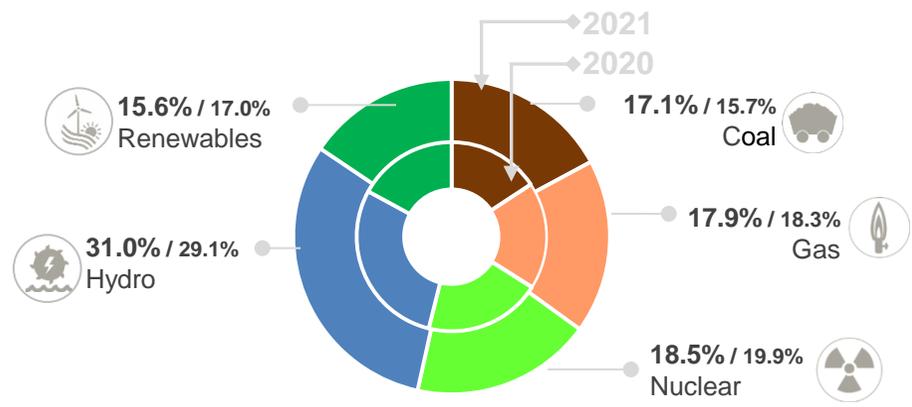


Consumption and generation numbers do not include power plants' own electricity consumption. Consumption includes (i) energy losses in transmission and distribution networks, and (ii) consumption for hydro pumped storage. Cross-border net flow is calculated based on physical flows (import-export).

# Results 2021

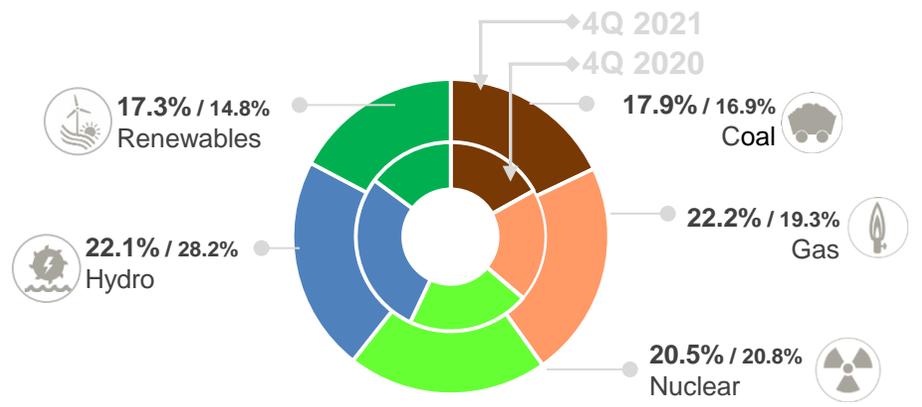
## 2021 / 2020

Electricity net production mix



## 4Q 2021 / 3Q 2020

Electricity net production mix

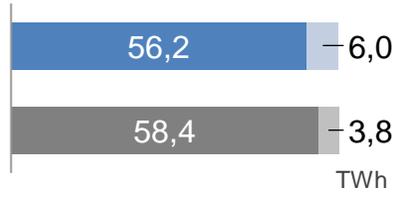


2.2 TWh  
Net Import

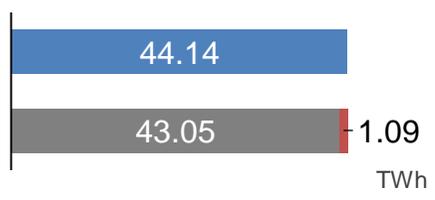
### 2021

2.47%

National electricity balance



Transmission losses



■ National power plant output  
■ Import  
■ National consumption  
■ Export

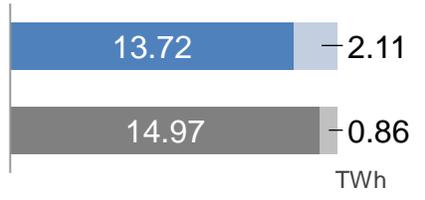
■ Grid in-take volume  
■ Grid out-take volume  
■ Grid losses

1,25 TWh  
Net Export

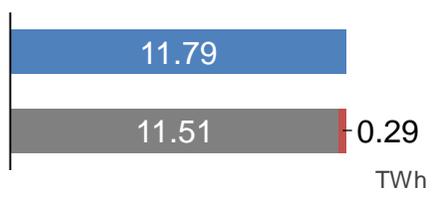
### 4Q 2021

2.42%

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]	2021	2020	Δ abs	Δ %
Billed volume [TWh]	56.35	53.85	+2.50	+4.6%
<b>Profit-allowed operations</b>				
Revenues	1,310	1,198	+112	+9.3%
Costs	1,051	859	+193	+22.4%
EBITDA	259	340	-81	-23.8%
<i>EBITDA margin</i>	<i>20%</i>	<i>28%</i>	<i>-0</i>	<i>-30.3%</i>
Depreciation	274	268	+7	+2.5%
EBIT	-16	72	-87	-121.9%
<b>Pass-through operations</b>				
Revenues	2,445	1,169	+1276	+109.2%
Costs	2,419	1,061	+1358	+128.0%
EBIT	26	108	-82	-75.7%
<b>All operations</b>				
EBITDA	285	448	-163	-36.3%
EBIT	11	180	-169	-94.1%
EBT	2	175	-173	-98.9%
Net Income	0	145	-145	-99.7%

### 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 and 4Q)
- **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**



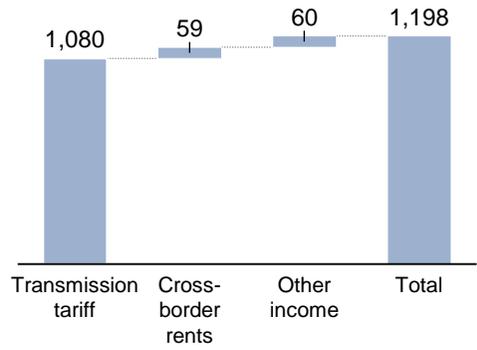
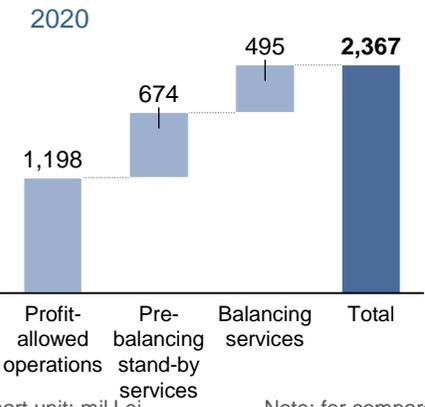
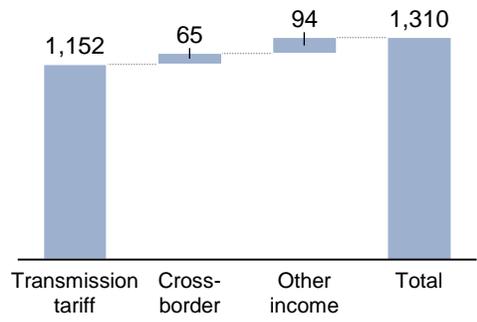
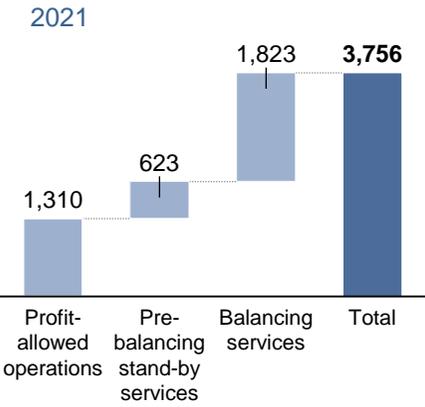
Temporary profit in 2021 due to new settlement rules in place since 1-Feb-2021 (balancing financial neutrality to be achieved under a new cross-segment framework i.e. any balancing gains/losses to be offset by adjusting the transmission tariff). Temporary gain to be reversed over the next year(s) (tariff 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

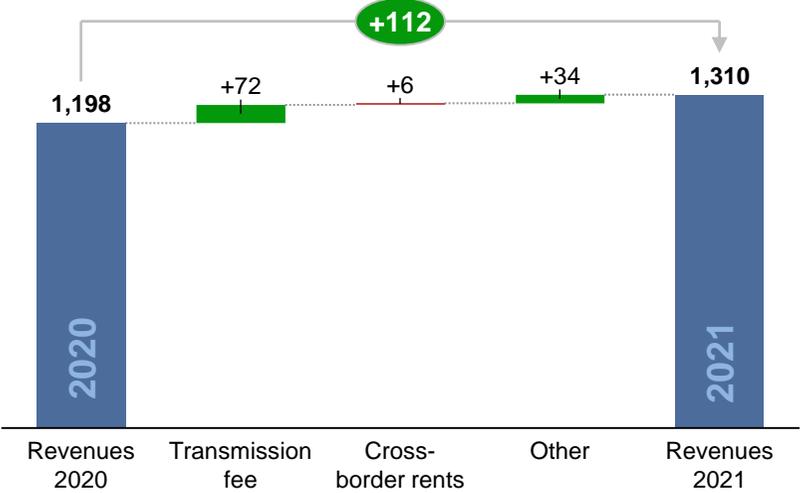
#### ALL OPERATIONS

#### 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 starting Q2 2020)

Chart unit: mil Lei

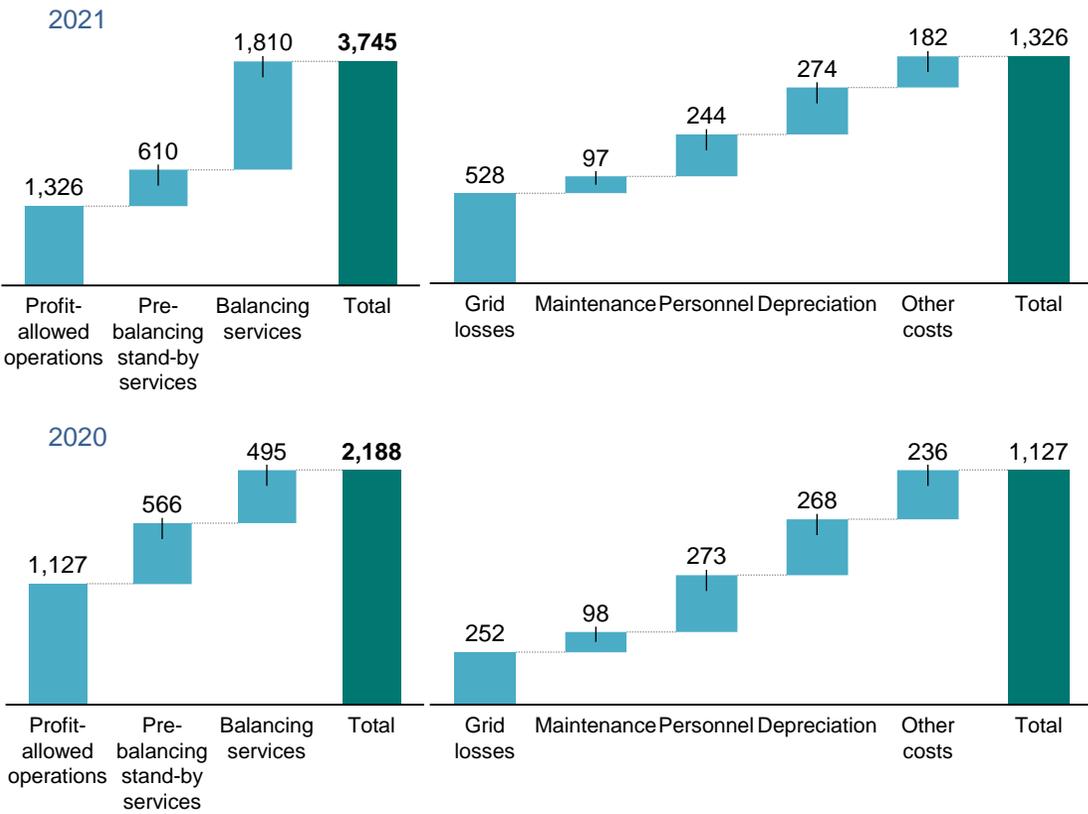
Note: for comparability purposes Transmission tariff refers to Transmission and Dispatch



## Operations | Costs

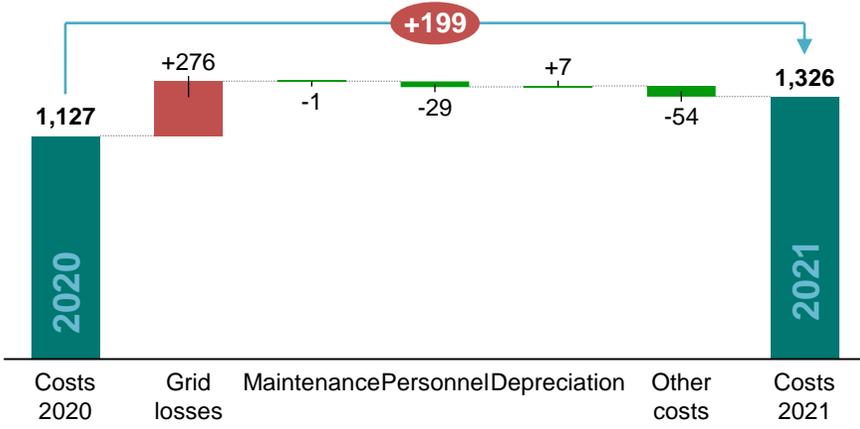
### Operational expenses

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, higher electricity market prices)

Chart unit: mil Lei



—●— 2020  
—●— 2021

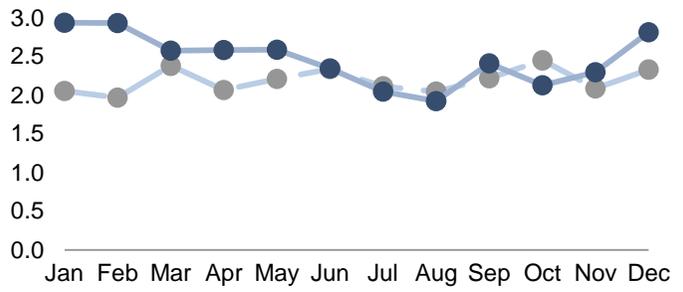
2021 / 2020  
**+0.28PP**

2.19%  
2.47%

Regulatory cap 2021: 2.3% (annual average)

12M **2.47%**

1Q **2.81%** 2Q **2.50%** 3Q **2.12%** 4Q **2.42%**



2021	2.94	2.93	2.57	2.58	2.59	2.35	2.05	1.92	2.41	2.13	2.30	2.81
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

**44.14 TWh**  
GRID IN-TAKE VOLUME IN 2021  
**43.05 TWh**  
GRID OFF-TAKE VOLUME IN 2021  
**2.47% (1.09TWh)**  
GRID LOSSES 2021

2021 / 2020

**-4% FM**

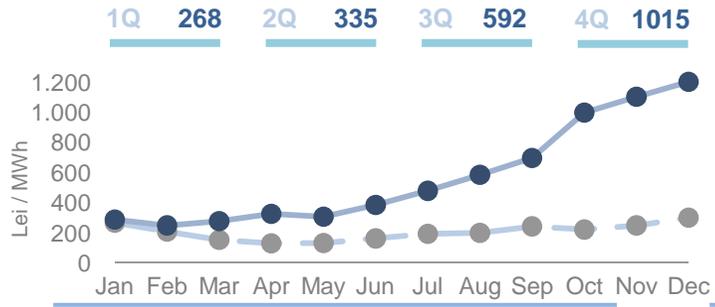
272 Lei  
260 Lei



2021 / 2020

**+162% DAM**

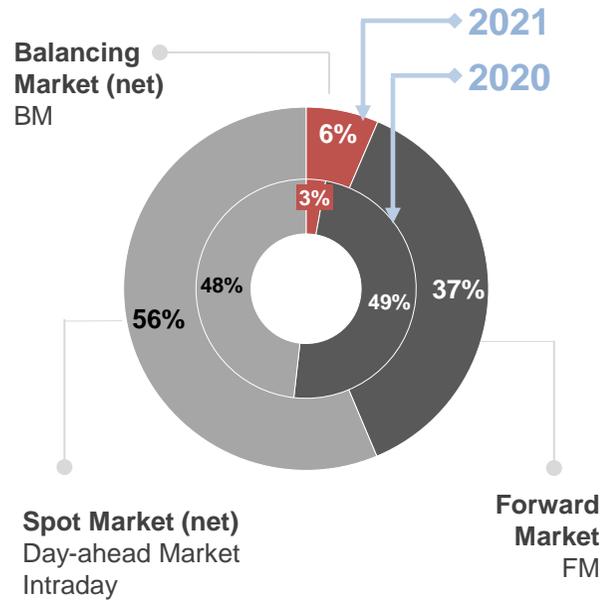
211 Lei  
552 Lei



## PRICES PAID PER MARKET

**260 Lei/MWh (▼ 4%)**  
FORWARD MARKET (FM)  
**552 Lei/MWh (▲ 162%)**  
DAY-AHEAD MARKET (DAM)  
**704 Lei/MWh (▼ 17%)**  
BALANCING MARKET (BM) (Net, BRP fee included)

## Operational costs | grid losses

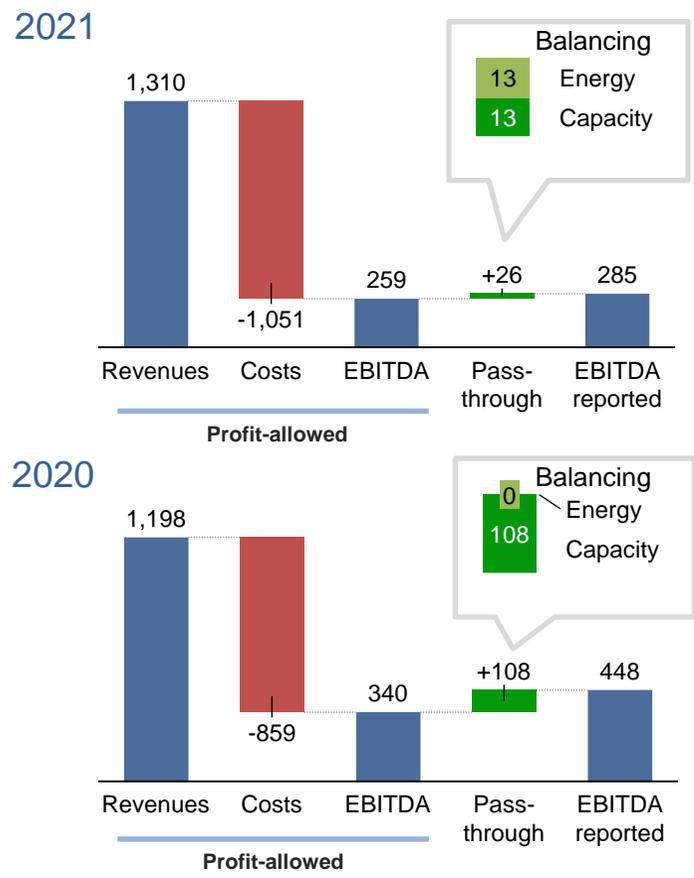


## AVERAGE PRICE / PURCHASE MIX

**455 Lei/MWh (▲ 76%)**  
CROSS-MARKET AVERAGE PRICE PAID  
**37%FM / 56%SPOT / 6%BM (2021)**  
PURCHASE MIX (VOLUMES)  
**49%FM / 48%SPOT / 3%BM (2020)**  
PURCHASE MIX (VOLUMES)



### FROM REVENUES TO EBITDA



### EBITDA BREAKDOWN (PROFIT-ALLOWED)

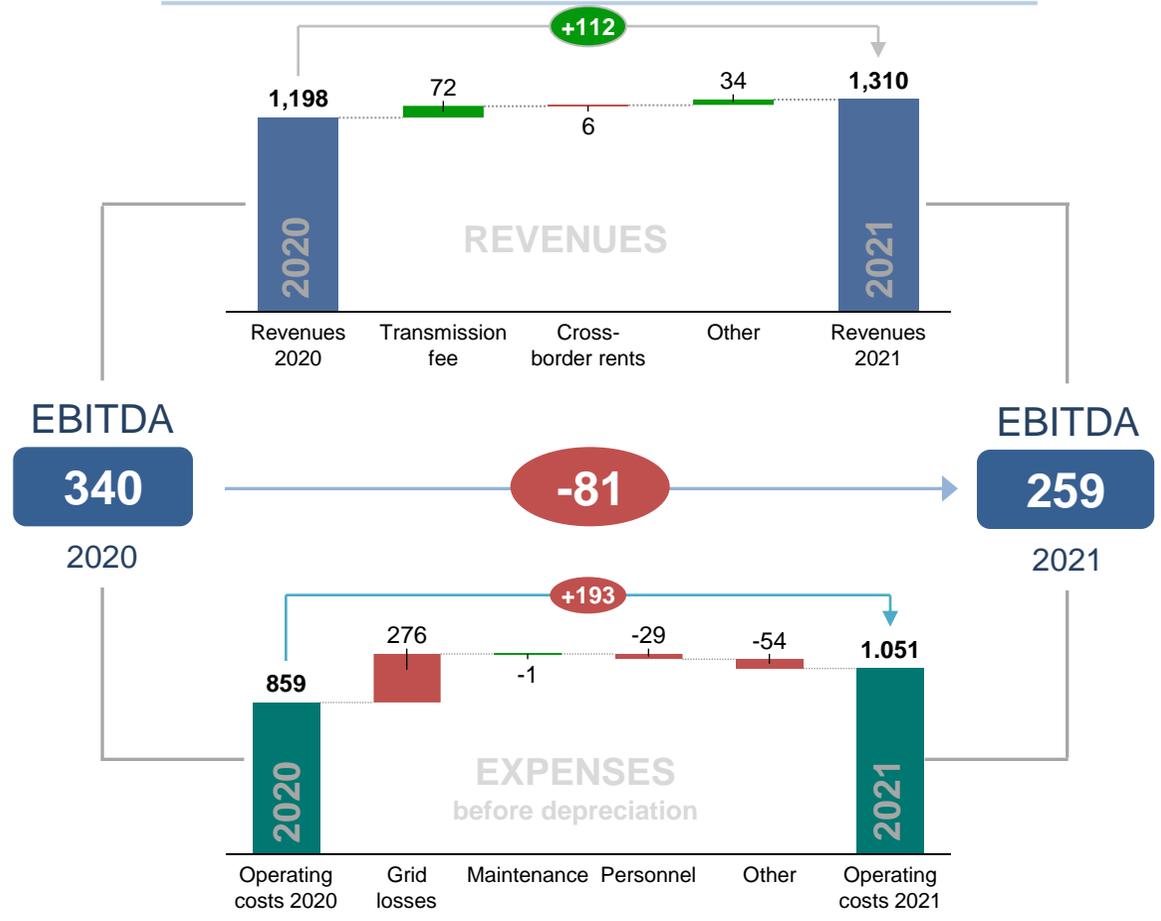
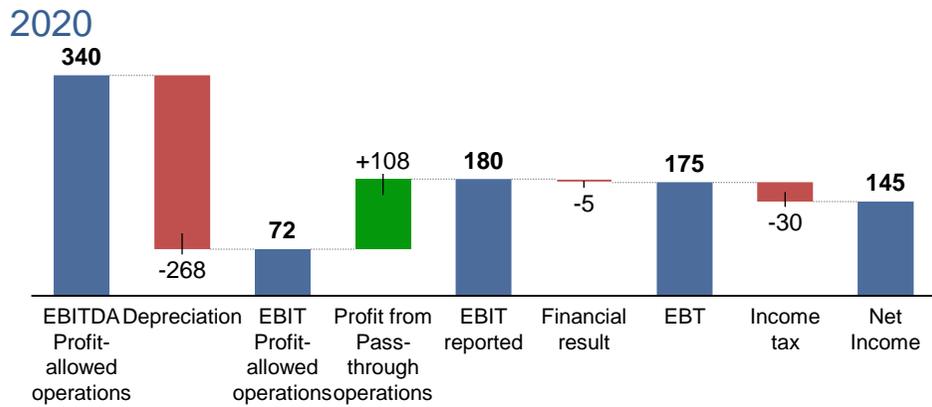
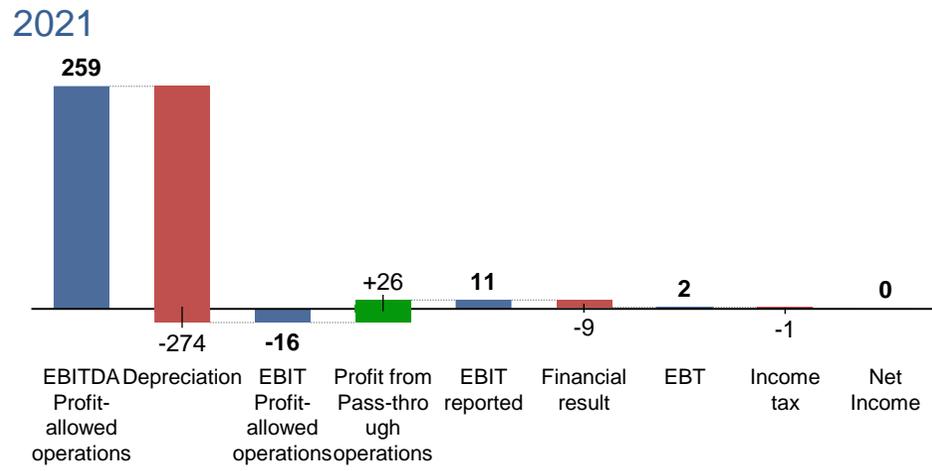


Chart unit: mil Lei

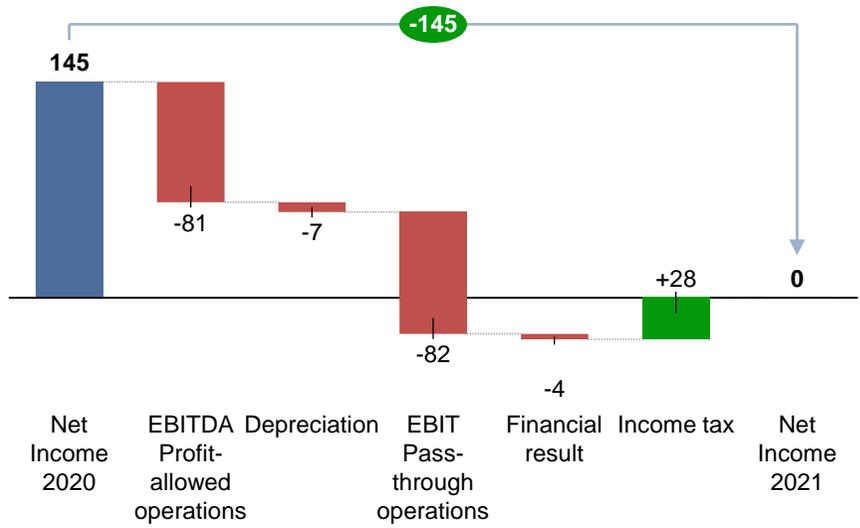


## From EBITDA to Net income

### 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



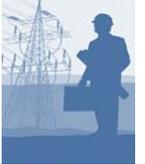
## Delivered in 2021

**510**  
Lei m

**New contracts**

Total aggregate amount for contracts signed in 2021

- 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

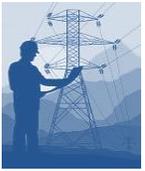


**526**  
Lei m

**Capital expenditure**

Amounts added to construction-work-in-progress in 2021

- Selected items:
- 183 mil lei - New internal line Cernavoda-Stalpu
  - 31 mil lei - New internal line Portile de Fier-Resita within the wider 400kV Wester Corridor project
  - 23 mil lei - Modernization of Domnesti grid substation

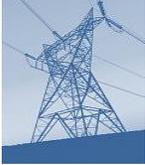


**260**  
Lei m

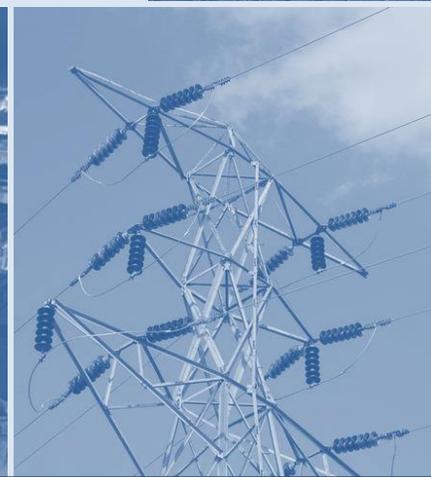
**Assets commissioned**

Amounts transferred from construction-work-in-progress to fixed assets in 2021

- Selected items:
- 64 mil lei - Modernization of Domnesti grid substation
  - 20 mil lei - Modernization of Craiova Nord grid substation
  - 18 mil lei - Modernization of Bacau Sud and Roman Nord grid substations



of which RAB: 231 Lei m



Q&A

Thank you for your attention!

# Romanian Electricity Transmission Network



[Lei m]	2021	2020		4Q2021	4Q2020		3Q2021	3Q2020		2Q2021	2Q2020		1Q 2020	1Q 2019						
	IFRS	IFRS		IFRS	IFRS		IFRS	IFRS		IFRS	IFRS		IFRS	IFRS						
	unaudited	unaudited		unaudited	unaudited		unaudited	unaudited		unaudited	unaudited		unaudited	unaudited						
Billed volume [TWh]	56.35	53.85	▲	4.6%	14.43	14.37	▲	0.4%	13.65	13.23	▲	3.2%	13.35	11.84	▲	13%	14.93	14.41	▲	4%
<b>Profit-allowed operations</b>																				
<b>Operational revenues</b>	<b>1,310</b>	<b>1,198</b>	<b>▲</b>	<b>9.3%</b>	<b>358</b>	<b>323</b>	<b>▲</b>	<b>11.1%</b>	<b>317</b>	<b>295</b>	<b>▲</b>	<b>7.4%</b>	<b>302</b>	<b>263</b>	<b>▲</b>	<b>15%</b>	<b>333</b>	<b>317</b>	<b>▲</b>	<b>5%</b>
Operational revenues   Transmission	1,252	1,035	▲	21.0%	342	276	▲	23.7%	298	252	▲	18.4%	290	226	▲	28%	323	281	▲	15%
Operational revenues   Transmission   Regulated fee	1,152	963	▲	19.6%	294	257	▲	14.7%	278	236	▲	17.7%	274	211	▲	30%	306	259	▲	18%
Operational revenues   Transmission   Cross-border rents	65	59	▲	10.2%	32	15	▲	117.2%	12	13	▼	5.2%	10	13	▼	22%	10	18	▼	42%
Operational revenues   Transmission   Other	36	13	▲	165.7%	16	5	▲	201.9%	8	2	▲	211.7%	6	2	▲	257%	7	4	▲	58%
Operational revenues   Dispatching	1	121	▼	99.3%	-11	37	▼	-	9	35	▼	74.6%	3	23	▼	86%	0	27	▼	100%
Operational revenues   Dispatching   Regulated fee	0	117	▼	-	0	36	▼	-	0	33	▼	-	0	22	▼	-	0	27	▼	-
Operational revenues   Dispatching   Unplanned cross-border flows	1	4	▼	78.9%	-11	2	▼	-	9	2	▲	432.4%	3	1	▲	329%	0	0	▲	30%
Operational revenues   Other income	57	42	▲	35.3%	28	9	▲	211.6%	10	9	▲	13.2%	9	15	▼	40%	10	10	▲	8%
<b>Operational costs</b>	<b>1,051</b>	<b>859</b>	<b>▲</b>	<b>22.4%</b>	<b>364</b>	<b>304</b>	<b>▲</b>	<b>19.7%</b>	<b>266</b>	<b>210</b>	<b>▲</b>	<b>26.7%</b>	<b>210</b>	<b>168</b>	<b>▲</b>	<b>25%</b>	<b>211</b>	<b>177</b>	<b>▲</b>	<b>19%</b>
Operational costs   System operation	576	310	▲	86.0%	251	92	▲	172.7%	123	75	▲	64.5%	93	62	▲	52%	109	81	▲	34%
Operational costs   System operation   Grid losses	528	252	▲	109.5%	245	78	▲	213.9%	106	60	▲	76.1%	83	49	▲	70%	93	65	▲	44%
Operational costs   System operation   Congestion relief	2	0	▲	-	2	0	▲	-	0	0	▼	-	0	0	-	-	0	0	▲	-
Operational costs   System operation   Power consumption in grid substations	25	16	▲	51.5%	10	4	▲	143.9%	4	3	▲	33.7%	4	5	▼	11%	6	4	▲	45%
Operational costs   System operation   Inter-TSO-Compensation	19	11	▲	64.9%	6	1	▲	604.3%	4	2	▲	49.6%	4	2	▲	81%	5	6	▼	8%
Operational costs   System operation   Other	4	30	▼	86.8%	-11	9	▼	-	9	9	▲	0.9%	3	6	▼	57%	4	7	▼	41%
Operational costs   Maintenance	97	98	▼	0.5%	32	32	▲	1.2%	28	29	▼	3.9%	22	21	▲	4%	15	16	▼	3%
Operational costs   Personell	244	273	▼	10.5%	66	97	▼	31.9%	65	68	▼	3.5%	64	56	▲	13%	49	52	▼	6%
Operational costs   Other	133	178	▼	25.2%	15	83	▼	82.3%	50	38	▲	29.5%	31	29	▲	7%	38	28	▲	38%
<b>EBITDA</b>	<b>259</b>	<b>340</b>	<b>▼</b>	<b>23.8%</b>	<b>-6</b>	<b>19</b>	<b>▼</b>	<b>-</b>	<b>50</b>	<b>85</b>	<b>▼</b>	<b>40.5%</b>	<b>92</b>	<b>96</b>	<b>▼</b>	<b>4%</b>	<b>122</b>	<b>140</b>	<b>▼</b>	<b>13%</b>
Operational costs   Depreciation and amortization	274	268	▲	2.5%	78	66	▲	19.5%	66	66	▼	0.4%	66	68	▼	2%	64	68	▼	7%
<b>EBIT</b>	<b>-16</b>	<b>72</b>	<b>▼</b>	<b>-</b>	<b>-84</b>	<b>-47</b>	<b>▼</b>	<b>78.6%</b>	<b>-15</b>	<b>19</b>	<b>▼</b>	<b>-</b>	<b>26</b>	<b>28</b>	<b>▼</b>	<b>8%</b>	<b>58</b>	<b>72</b>	<b>▼</b>	<b>20%</b>
<b>Pass-through operations</b>																				
<b>Operational revenues</b>	<b>2,445</b>	<b>1,169</b>	<b>▲</b>	<b>109.2%</b>	<b>1,115</b>	<b>381</b>	<b>▲</b>	<b>192.7%</b>	<b>543</b>	<b>279</b>	<b>▲</b>	<b>95.0%</b>	<b>394</b>	<b>224</b>	<b>▲</b>	<b>76%</b>	<b>393</b>	<b>286</b>	<b>▲</b>	<b>38%</b>
Operational revenues   System service	623	674	▼	7.6%	156	172	▼	9.5%	149	159	▼	6.1%	145	155	▼	7%	173	188	▼	8%
Operational revenues   Balancing service	1,823	495	▲	268.2%	959	209	▲	359.1%	394	120	▲	228.6%	249	69	▲	263%	220	98	▲	126%
<b>Operational costs</b>	<b>2,419</b>	<b>1,061</b>	<b>▲</b>	<b>128.0%</b>	<b>1,121</b>	<b>353</b>	<b>▲</b>	<b>217.1%</b>	<b>551</b>	<b>243</b>	<b>▲</b>	<b>126.5%</b>	<b>392</b>	<b>201</b>	<b>▲</b>	<b>95%</b>	<b>355</b>	<b>263</b>	<b>▲</b>	<b>35%</b>
Operational costs   System service	610	566	▲	7.7%	162	144	▲	11.9%	157	123	▲	26.9%	148	132	▲	12%	143	166	▼	14%
Operational costs   Balancing service	1,810	495	▲	265.6%	959	209	▲	358.9%	395	120	▲	228.9%	244	69	▲	256%	212	98	▲	118%
<b>EBIT</b>	<b>26</b>	<b>108</b>	<b>▼</b>	<b>75.7%</b>	<b>-5</b>	<b>28</b>	<b>▼</b>	<b>-</b>	<b>-8</b>	<b>35</b>	<b>▼</b>	<b>-</b>	<b>1</b>	<b>23</b>	<b>▼</b>	<b>94%</b>	<b>38</b>	<b>22</b>	<b>▲</b>	<b>71%</b>
<b>All operations (profit-allowed and pass-through)</b>																				
Operational revenues	3,756	2,367	▲	58.6%	1,474	704	▲	109.4%	860	574	▲	49.9%	695	487	▲	43%	726	603	▲	20%
Operational costs	3,471	1,920	▲	80.8%	1,485	657	▲	125.8%	817	454	▲	80.2%	602	368	▲	63%	567	440	▲	29%
<b>EBITDA</b>	<b>285</b>	<b>448</b>	<b>▼</b>	<b>36.3%</b>	<b>-11</b>	<b>46</b>	<b>▼</b>	<b>-</b>	<b>43</b>	<b>120</b>	<b>▼</b>	<b>64.6%</b>	<b>94</b>	<b>119</b>	<b>▼</b>	<b>21%</b>	<b>160</b>	<b>162</b>	<b>▼</b>	<b>2%</b>
Operational costs   Depreciation and amortization	274	268	▲	2.5%	78	66	▲	19.5%	66	66	▼	0.4%	66	68	▼	2%	64	68	▼	7%
<b>EBIT</b>	<b>11</b>	<b>180</b>	<b>▼</b>	<b>94.1%</b>	<b>-89</b>	<b>-19</b>	<b>▼</b>	<b>362.0%</b>	<b>-23</b>	<b>54</b>	<b>▼</b>	<b>-</b>	<b>27</b>	<b>51</b>	<b>▼</b>	<b>47%</b>	<b>96</b>	<b>94</b>	<b>▲</b>	<b>2%</b>
Financial result	-9	-5	▼	73.3%	-6	-3	▼	95.6%	-1	0	▼	696.3%	0	0	▼	48%	-1	-2	▲	13%
<b>EBT</b>	<b>2</b>	<b>175</b>	<b>▼</b>	<b>98.9%</b>	<b>-95</b>	<b>-22</b>	<b>▼</b>	<b>326.3%</b>	<b>-24</b>	<b>54</b>	<b>▼</b>	<b>-</b>	<b>27</b>	<b>51</b>	<b>▼</b>	<b>47%</b>	<b>94</b>	<b>92</b>	<b>▲</b>	<b>2%</b>
Income tax	-1	-30	▲	95.2%	15	15	▼	1.7%	1	-17	▲	-	-4	-12	▲	64%	-12	-15	▲	18%
<b>Net Income</b>	<b>0</b>	<b>145</b>	<b>▼</b>	<b>99.7%</b>	<b>-80</b>	<b>-7</b>	<b>▼</b>	<b>983.5%</b>	<b>-24</b>	<b>37</b>	<b>▼</b>	<b>-</b>	<b>22</b>	<b>38</b>	<b>▼</b>	<b>42%</b>	<b>82</b>	<b>77</b>	<b>▲</b>	<b>6%</b>

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