



Transelectrica SA

Transmission and System Operator
of the Romanian Electrical Power System

We lead the power

Financial results

1Q 2022

(01.01.2022 – 31.03.2022)

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 2022 – 31 st March 2022
<i>reporting standard:</i>	International Financial Reporting Standards (IFRS)
<i>basis/scope:</i>	standalone (unconsolidated)
<i>external audit:</i>	unaudited
<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)

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:

1Q2022 results

- Key numbers
- Operational results
- Financial results
- Investment

Q&A



Financials

1Q y/y

- Revenues [mil lei] 1,231 ▲ 69%
- EBITDA [mil lei] 75 ▼ 53%
- Net income [mil lei] 8 ▼ 90%
- Revenues boosted by market balancing services (pass-through segment)
- EBITDA and Net Income under massive pressure by surging electricity prices (grid losses costs) combined with lagging tariff cost recovery (full cost recovery postponed)

Operational

1Q y/y

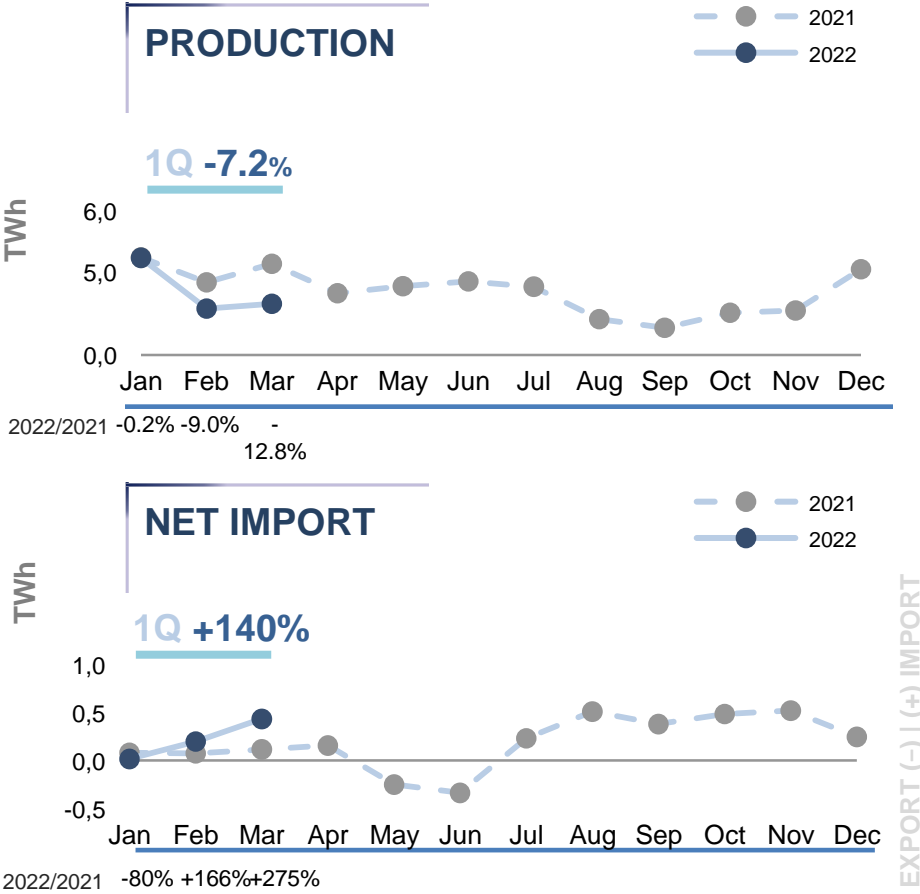
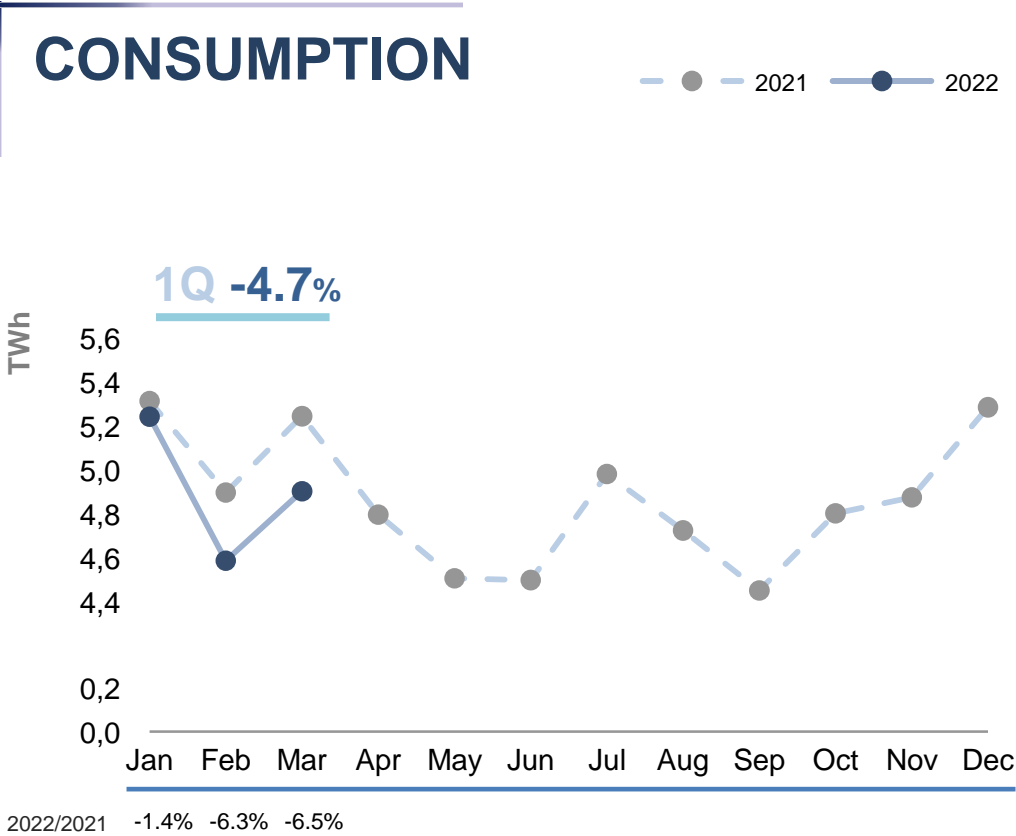
- Consumption* [TWh] 14.87 ▼ 4.7%
- Production* [TWh] 14.09 ▼ 7.2%
- Imp/Exp net [TWh] +0.78 ▲ 140%
- Some decrease in national electricity demand due to surging prices and mild winter
- Higher imports

*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

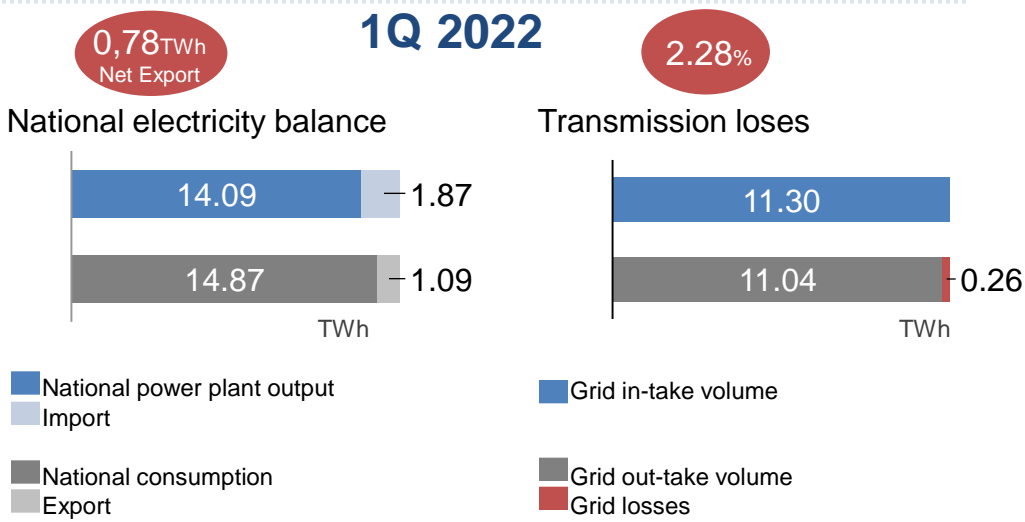
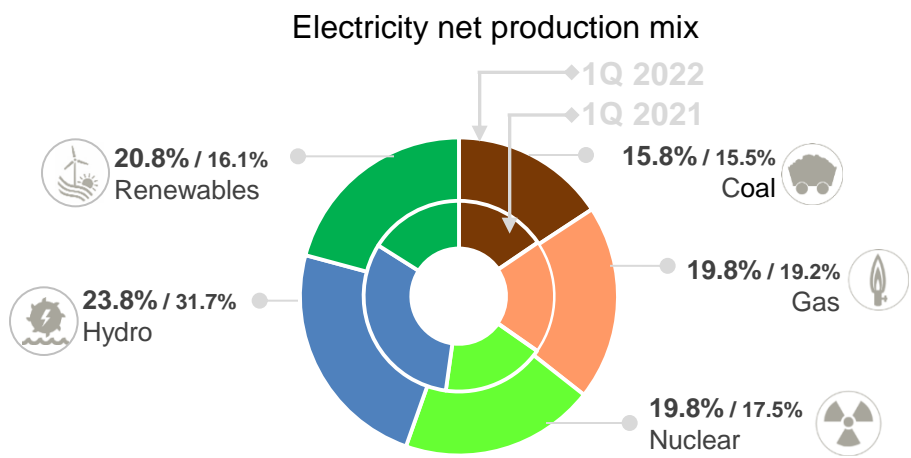
- Profit-allowed segment:
Starting 1-Jan-2021 the two regulated tariffs i.e. transmission tariff and dispatching tariff merged into a single tariff i.e. transmission tariff
- Pass-through segment - balancing process with two sub-processes i.e. capacity (stand-by reserve) and energy:
Stand-by balancing back-up capacity services (balancing capacity services): lower y/y gain in 1Q2022 driven by the tariff cuts as of 1-March-2021 and 1-Jan-2022
Energy balancing services: temporary gain in 1Q2022 to be reversed at FY2022

Domestic demand -4.7% y.o.y.
Domestic production -7.2% 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 2022 / 1Q 2021



Profit & Loss

[Lei m]	1Q2022	1Q2021	Δ abs	Δ %
Billed volume [TWh]	14.35	14.93	-0.58	-3.9%
Profit-allowed operations				
Revenues	431	333	+98	+29.6%
Costs	377	211	+165	+78.3%
EBITDA	55	122	-67	-55.1%
<i>EBITDA margin</i>	13%	37%	-0	-65.4%
Depreciation	63	64	-1	-2.1%
EBIT	-8	58	-66	N/M
Pass-through operations				
Revenues	799	393	+406	+103.1%
Costs	778	355	+423	+119.1%
EBIT	21	38	-17	-45.7%
All operations				
EBITDA	75	160	-84	-52.9%
EBIT	13	96	-83	-86.8%
EBT	11	94	-84	-88.8%
Net Income	8	82	-74	-90.2%

Volumes

- **Lower volumes** (shrinking demand for electricity due to surging wholesale prices, weather conditions – temperature levels above average)

Profit-allowed segment

- **Higher costs** – significant increase in grid losses cost due to surging market prices, despite lower loss volumes due to lower grid loss coefficient (network losses expressed as a percentage in the network's total energy intake)
- **Higher revenues**
 - tariff raise to partially cover the massive increase in grid operation costs (energy purchases to offset network losses) due to surging electricity wholesale prices
 - higher cross-border capacity income driven by strong demand for energy transits originating from Bulgaria (Bulgaria→Romania→Hungary)

Pass-through segment – temporary gains

Stand-by balancing capacity services (balancing reserves)

Still making small profits despite the tariff cuts due to the ongoing regulatory claw back process (backlog of temporary gains accrued in previous years). Costs are well below estimates due to low availability of balancing capacity in the market i.e. purchased volumes of stand-by service are below assumed levels.

Energy balancing services

Temporary profit. 2021 profit to be fully offset by an adjustment to the transmission tariff in 2023. 1Q2022 profit will be reversed at FY2022 within the market balancing segment.

Operations | Revenues

Operational revenues

ALL OPERATIONS

PROFIT-ALLOWED OPERATIONS

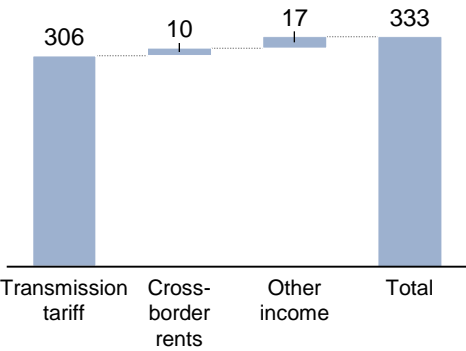
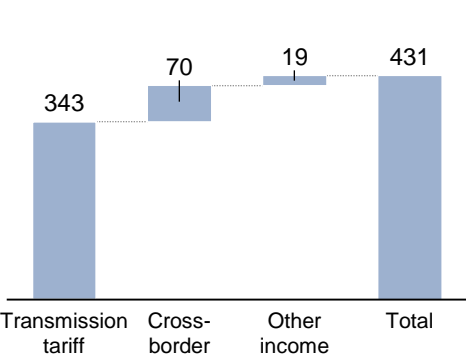
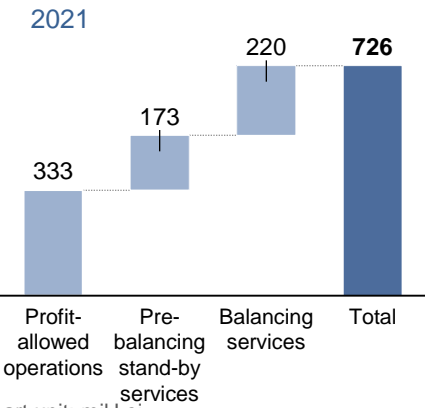
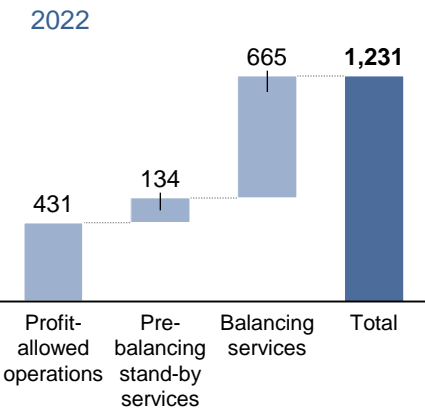
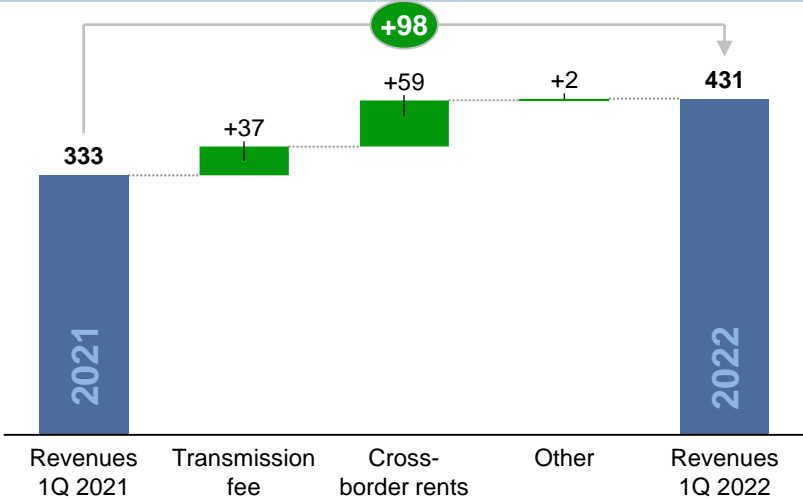


Chart unit: mil Lei

Operational revenues

PROFIT-ALLOWED OPERATIONS: BREAKDOWN



DRIVERS BEHIND THE INCREASE IN REVENUES

- ▲ Higher tariff (grid losses ex-ante adjustment) compensated for lower volume
- ▲ Higher cross-border capacity income (high demand for energy transits originating from BG: BG→RO and RO→HU)

Operations | Costs

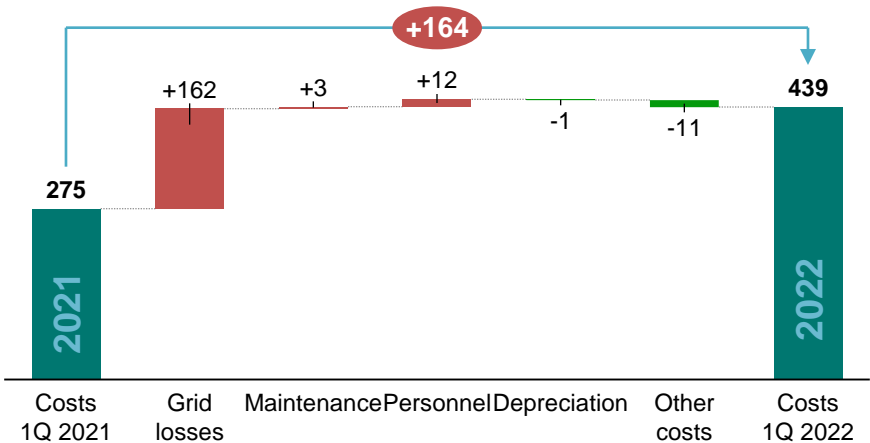
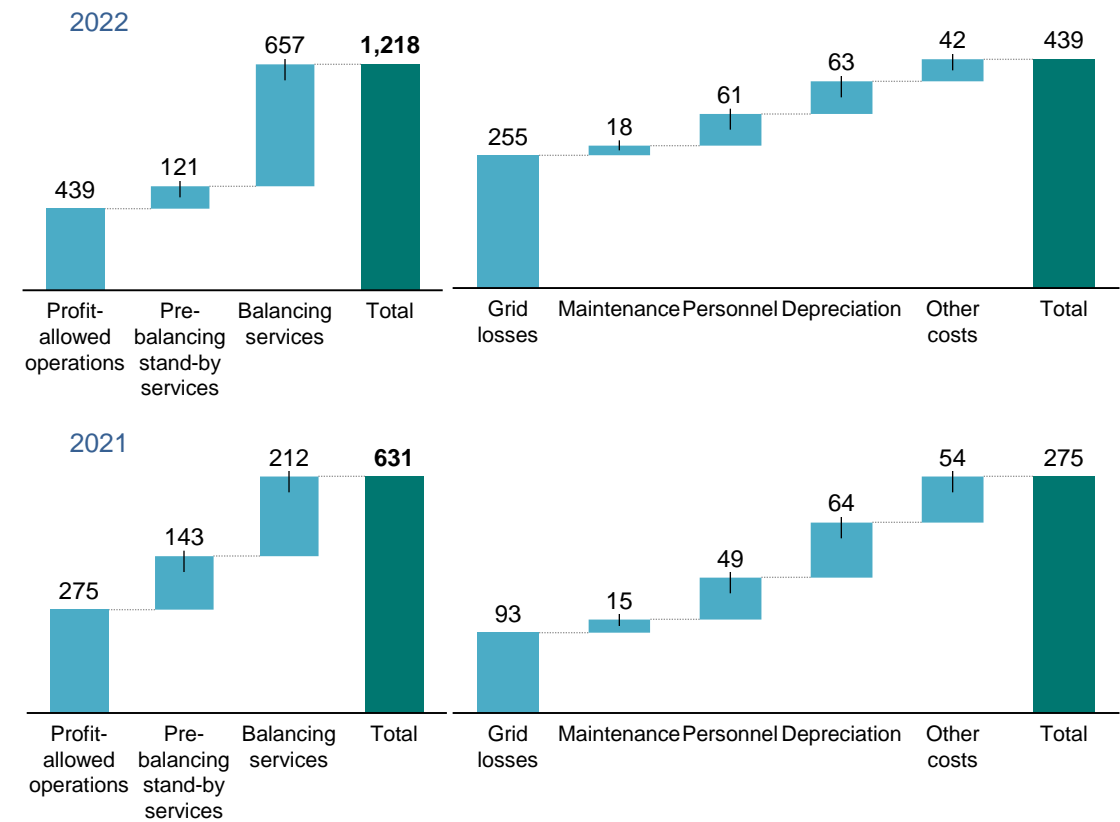
Operational expenses

Operational expenses

ALL OPERATIONS

PROFIT-ALLOWED OPERATIONS

PROFIT-ALLOWED OPERATIONS: BREAKDOWN



DRIVERS BEHIND THE EVOLUTION OF COSTS

▲ Grid losses (higher electricity market prices)

Chart unit: mil Lei



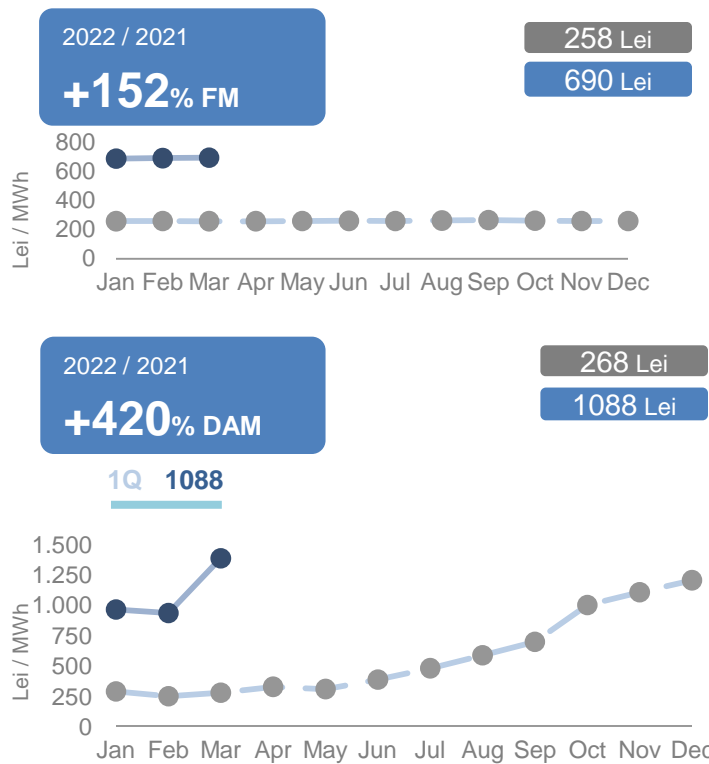


GRID LOSSES

11.30 TWh
GRID IN-TAKE VOLUME IN 1Q2022

11.04 TWh
GRID OFF-TAKE VOLUME IN 1Q2022

2.28% (0.26TWh)
GRID LOSSES 1Q2022



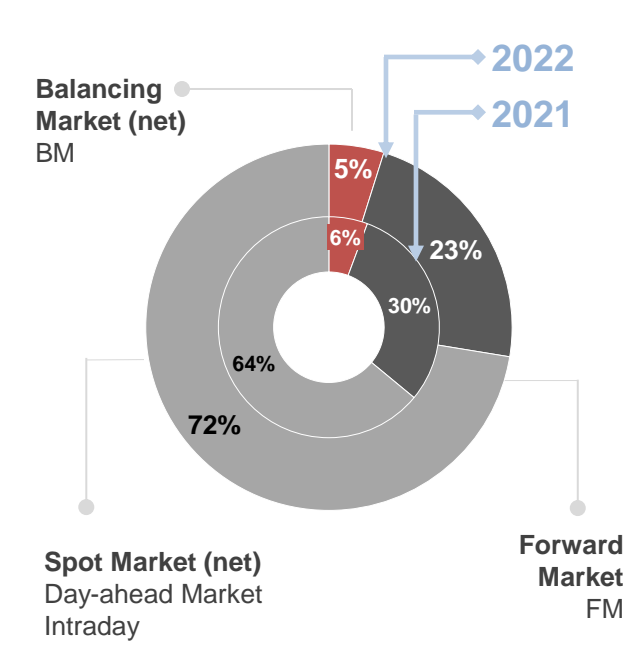
PRICES PAID PER MARKET

690 Lei/MWh (▲ 152%)
FORWARD MARKET (FM)

1088 Lei/MWh (▲ 420%)
DAY-AHEAD MARKET (DAM)

882 Lei/MWh (▲ 113%)
BALANCING MARKET (BM) (Net, BRP fee included)

Operational costs | grid losses



AVERAGE PRICE / PURCHASE MIX

994 Lei/MWh (▲ 264%)
CROSS-MARKET AVERAGE PRICE PAID

23%FM / 72%SPOT / 5%BM (1Q2022)
PURCHASE MIX (VOLUMES)

30%FM / 64%SPOT / 6%BM (1Q2021)
PURCHASE MIX (VOLUMES)

FROM REVENUES TO EBITDA

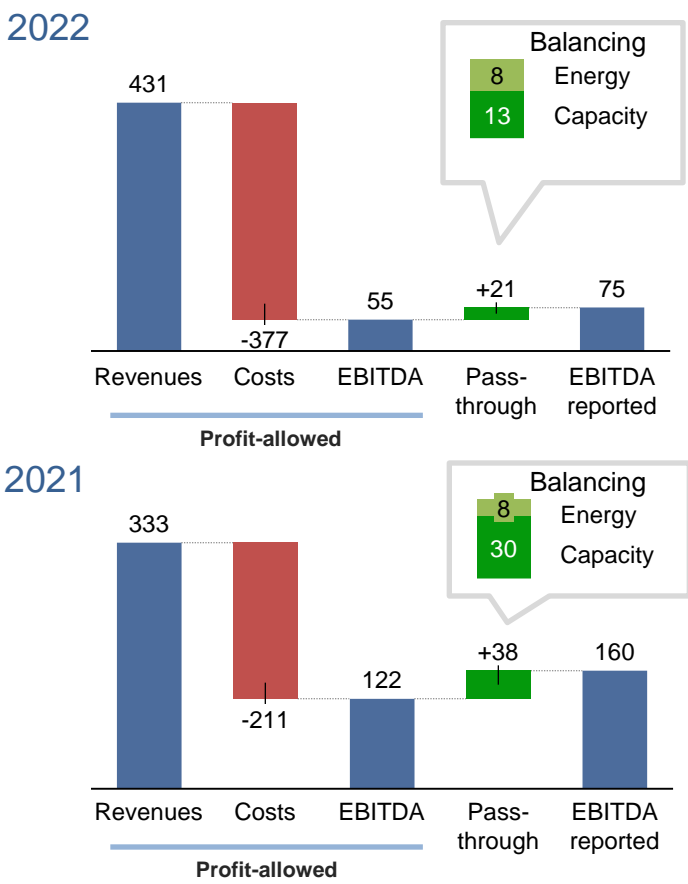
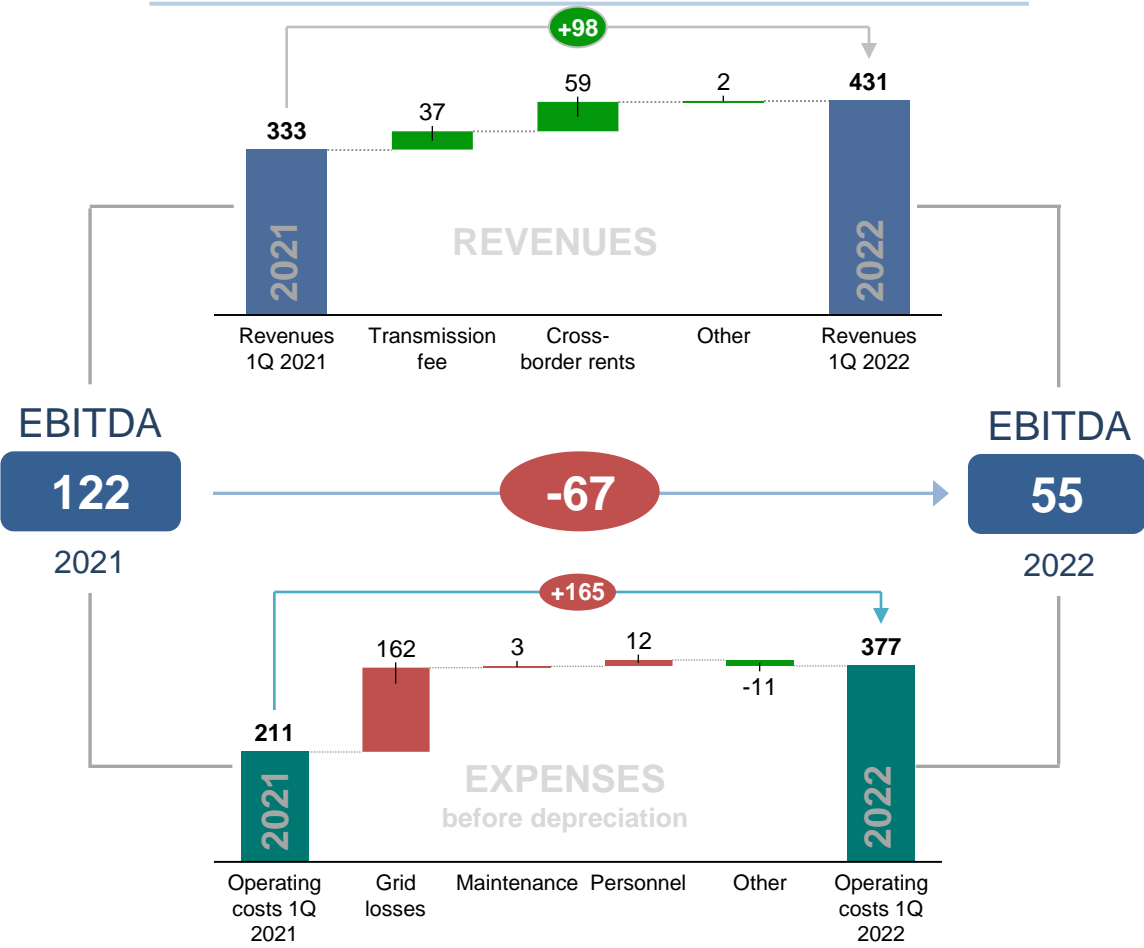


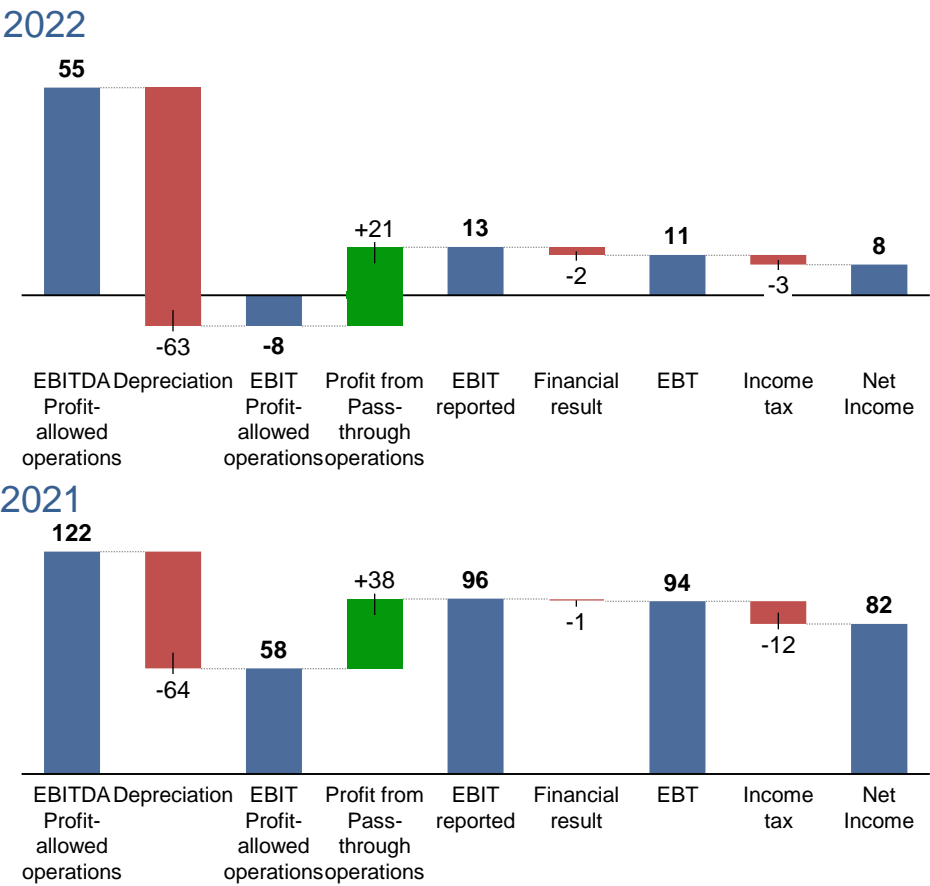
Chart unit: mil Lei

EBITDA BREAKDOWN (PROFIT-ALLOWED)

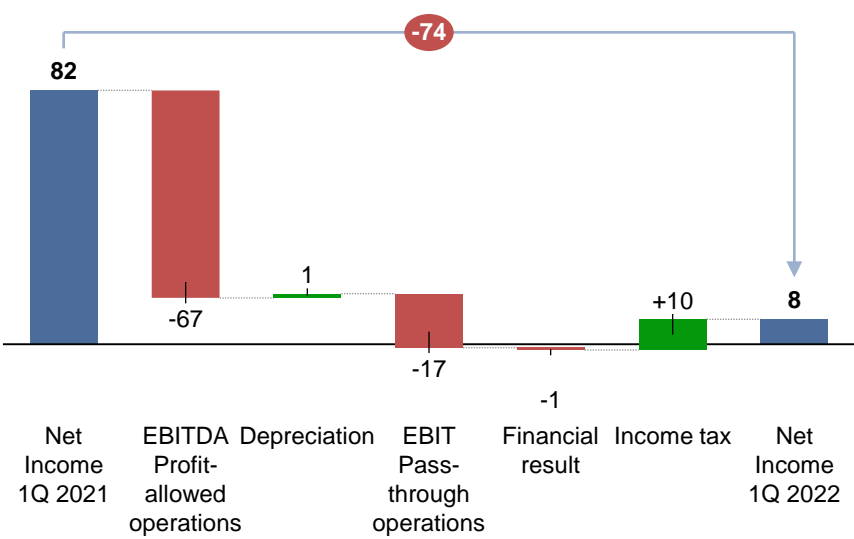


From EBITDA to Net income

FROM EBITDA TO NET INCOME



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 1Q2022

1
Lei m

New contracts

Total aggregate amount for contracts signed in 1Q2022

Selected items:
1 mil lei – Purchase of batteries for substations



70
Lei m

Capital expenditure

Amounts added to construction-work-in-progress in 1Q2022

Selected items:
19 mil lei - New internal line Gutinas-Smardan
10 mil lei - Modernization of Iernut substation
7 mil lei - Modernization of Iaz substation



24
Lei m

Assets commissioned

Amounts transferred from construction-work-in-progress to fixed assets in 1Q2022

Selected items:
8 mil lei - Modernization of Focsani Vest grid substation
7 mil lei - Modernization of Bacau Sud and Roman Nord grid substations
4 mil lei - Modernization of Bucuresti Sud - Gura Ialomitei and Gura Ialomitei - Cernavoda lines



of which RAB: 20 Lei m



Thank you for your attention!

[Lei m]	1Q 2022 IFRS unaudited	1Q 2021 IFRS unaudited		
Billed volume [TWh]	14.35	14.93	▼	3.9%
Profit-allowed operations				
Operational revenues	431	333	▲	29.6%
Operational revenues Transmission	419	323	▲	29.8%
Operational revenues Transmission Regulated fee	343	306	▲	12.1%
Operational revenues Transmission Cross-border rents	70	10	▲	569.9%
Operational revenues Transmission Other	7	7	▼	0.6%
Operational revenues Dispatching	0	0	▼	89.9%
Operational revenues Dispatching Regulated fee	0	0	-	-
Operational revenues Dispatching Unplanned cross-border flows	0	0	▼	89.9%
Operational revenues Other income	13	10	▲	22.7%
Operational costs	377	211	▲	78.3%
Operational costs System operation	274	109	▲	151.5%
Operational costs System operation Grid losses	255	93	▲	173.3%
Operational costs System operation Congestion relief	0	0	▲	-
Operational costs System operation Power consumption in grid substations	12	6	▲	95.8%
Operational costs System operation Inter-TSO-Compensation	6	5	▲	15.9%
Operational costs System operation Other	0	4	▼	-
Operational costs Maintenance	18	15	▲	19.4%
Operational costs Personell	61	49	▲	24.3%
Operational costs Other	24	38	▼	37.1%
EBITDA	55	122	▼	55.1%
Operational costs Depreciation and amortization	63	64	▼	2.1%
EBIT	-8	58	▼	-
Pass-through operations				
Operational revenues	799	393	▲	103.1%
Operational revenues System service	134	173	▼	22.6%
Operational revenues Balancing service	665	220	▲	202.0%
Operational costs	778	355	▲	119.1%
Operational costs System service	121	143	▼	15.2%
Operational costs Balancing service	657	212	▲	209.7%
EBIT	21	38	▼	45.7%
All operations (profit-allowed and pass-through)				
Operational revenues	1,231	726	▲	69.4%
Operational costs	1,155	567	▲	103.9%
EBITDA	75	160	▼	52.9%
Operational costs Depreciation and amortization	63	64	▼	2.1%
EBIT	13	96	▼	86.8%
Financial result	-2	-1	▼	51.5%
EBT	11	94	▼	88.8%
Income tax	-3	-12	▲	79.7%
Net Income	8	82	▼	90.2%

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Executive Board

Gabriel Andronache	Chair (CEO)
Stefanita Munteanu	Member
Catalin Constantin Nadolu	Member
Florin Cristian Tataru	Member
Bogdan Toncescu	Member



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