



# Transelectrica SA

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

We lead the power

**Financial results**

**1H 2022**

(01.01.2022 – 30.06.2022)

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 reports prepared in accordance with capital market regulations are available online at [www.transelectrica.ro](http://www.transelectrica.ro).

### FINANCIAL NUMBERS:

*reporting period:* 1<sup>st</sup> January 2022 – 30<sup>th</sup> June 2022

*reporting standard:* International Financial Reporting Standards (IFRS)

*basis/scope:* standalone (unconsolidated)

*external audit:* unaudited

*rounded numbers:* for 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 leads to minor differences between totals and the sum of the individual elements (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:

### 1H2022 results

- Key numbers
- Operational results
- Financial results
- Investment

### Q&A



## Financials

1H y/y

2Q y/y

1Q y/y

	1H y/y	2Q y/y	1Q y/y
• Revenues [mil lei]	2,604 ▲ 83%	1,374 ▲ 98%	1,231 ▲ 69%
• EBITDA [mil lei]	164 ▼ 35%	89 ▼ 5%	75 ▼ 53%
• Net income [mil lei]	28 ▼ 73%	20 ▼ 11%	8 ▼ 90%

- Revenues boosted by market balancing services (pass-through segment) due to surging electricity prices
- 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

1H y/y

2Q y/y

1Q y/y

	1H y/y	2Q y/y	1Q y/y
• Consumption* [TWh]	27.73 ▼ 5.2%	12.95 ▼ 6.2%	14.78 ▼ 4.4%
• Production* [TWh]	27.01 ▼ 8.2%	12.88 ▼ 9.5%	14.13 ▼ 6.9%
• Imp(+)/Exp(-) net [TWh]	+0.72 n/m	+0.07 n/m	+0.65 ▲ 140%

- National electricity demand shrinking due to surging prices and mild winter (1Q)
- Higher import volumes

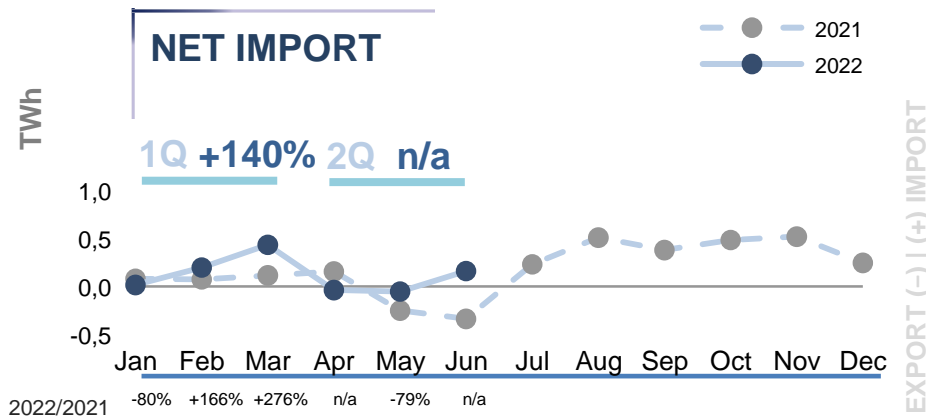
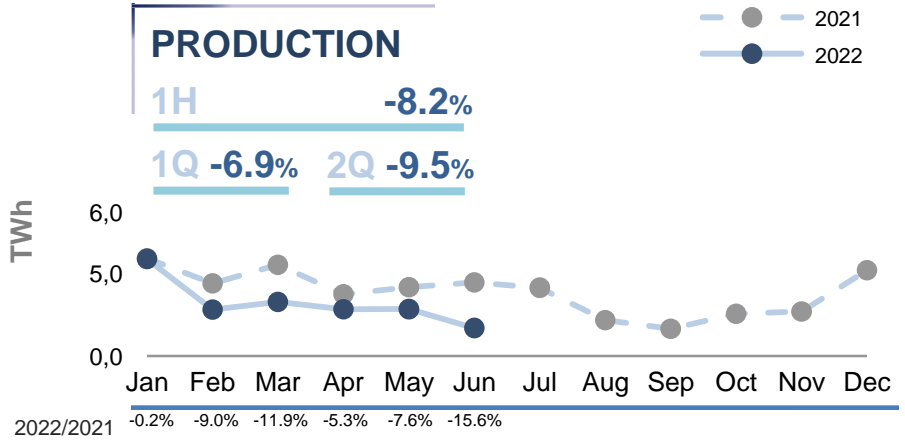
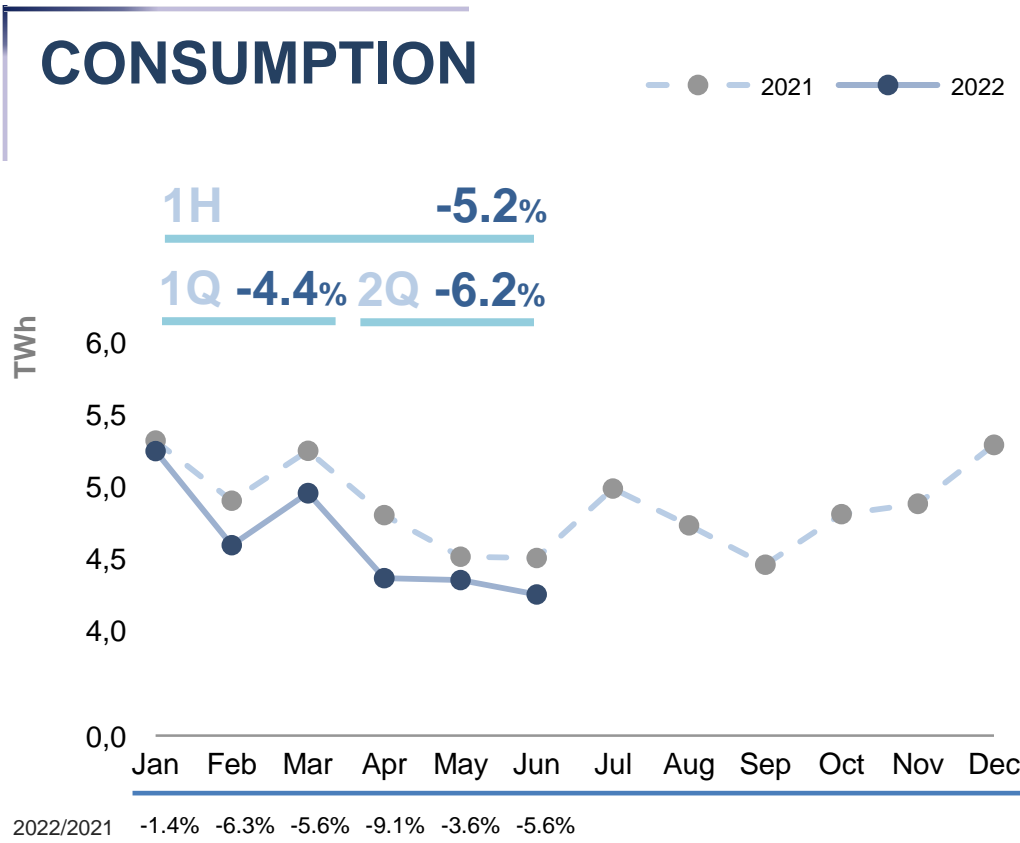
\*consumption/generation numbers do not include power plants' own electricity consumption. Consumption includes (i) consumption for hydro pumped storage, and (ii) energy losses in transmission and distribution networks. Cross-border net flow is calculated based on physical flows (export-import) aggregated 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 1H2022 driven by the tariff cuts as of 1-March-2021 and 1-Jan-2022

## Domestic demand -5.2% y.o.y.

Domestic production -8.2% y.o.y.

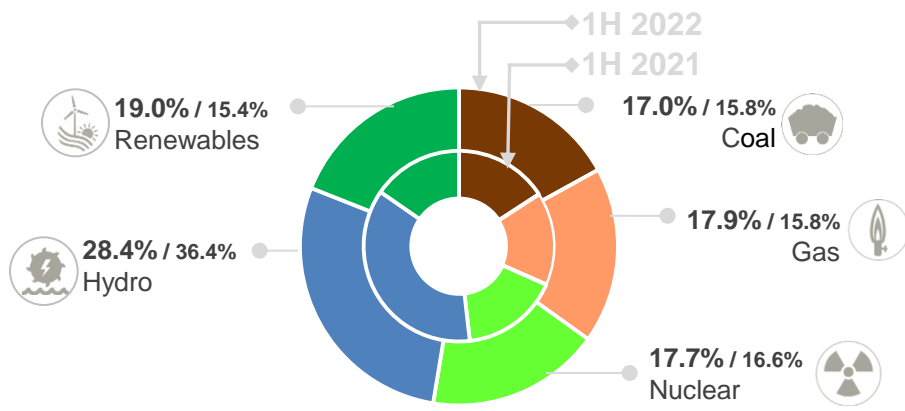


Consumption and generation numbers do not include power plants' own electricity consumption. Consumption includes (i) energy losses in transmission and distribution networks, and (ii) consumption for hydro pumped storage. Cross-border net flow is calculated based on physical flows (import-export).



## 1H 2022 / 1H 2021

Electricity net production mix



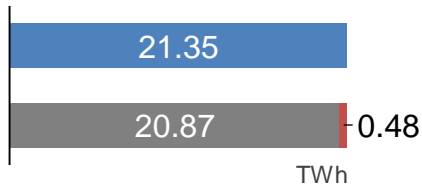
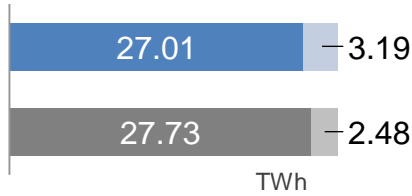
### 1H 2022

0,72TWh  
Net import

2.23%

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]	1Q2022	1Q2021	Δ abs	Δ %
Billed volume [TWh]	26.90	28.28	-1.37	-4.9%
<b>Profit-allowed operations</b>				
Revenues	858	635	+223	+35.1%
Costs	714	421	+294	+69.7%
EBITDA	143	214	-71	-33.0%
<i>EBITDA margin</i>	17%	34%	-0	-50.4%
Depreciation	128	130	-2	-1.6%
EBIT	15	84	-69	-82.0%
<b>Pass-through operations</b>				
Revenues	1,747	787	+959	+121.9%
Costs	1,726	748	+978	+130.8%
EBIT	21	39	-19	-47.2%
<b>All operations</b>				
EBITDA	164	253	-89	-35.2%
EBIT	36	123	-87	-70.8%
EBT	33	121	-88	-72.6%
Net Income	28	104	-76	-73.1%

### Volumes

- **Lower volumes** (shrinking demand for electricity due to surging wholesale prices, weather conditions – temperature levels above average in 1Q 2022)

### 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.

## Operations | Revenues

### Operational revenues

#### ALL OPERATIONS

#### PROFIT-ALLOWED OPERATIONS

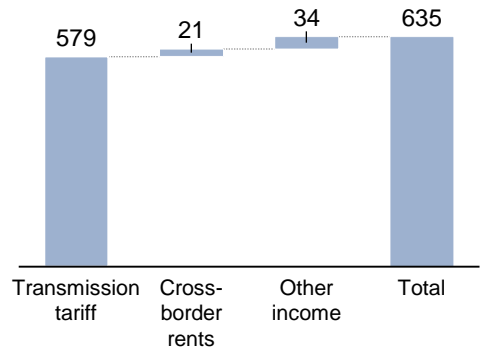
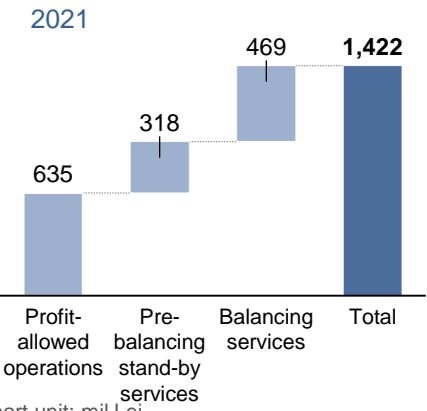
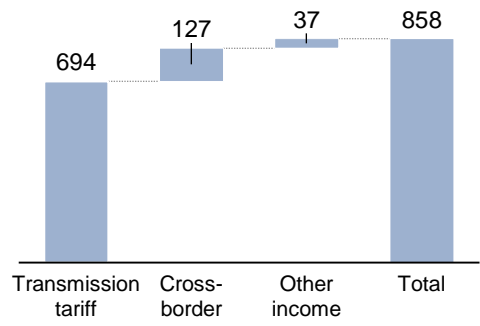
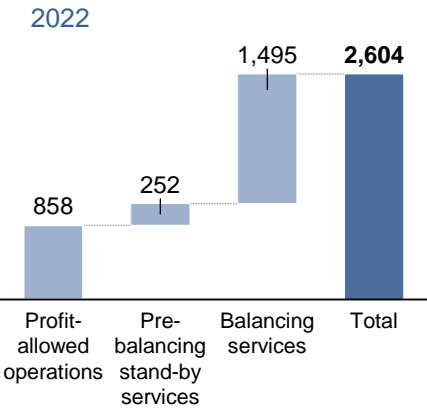
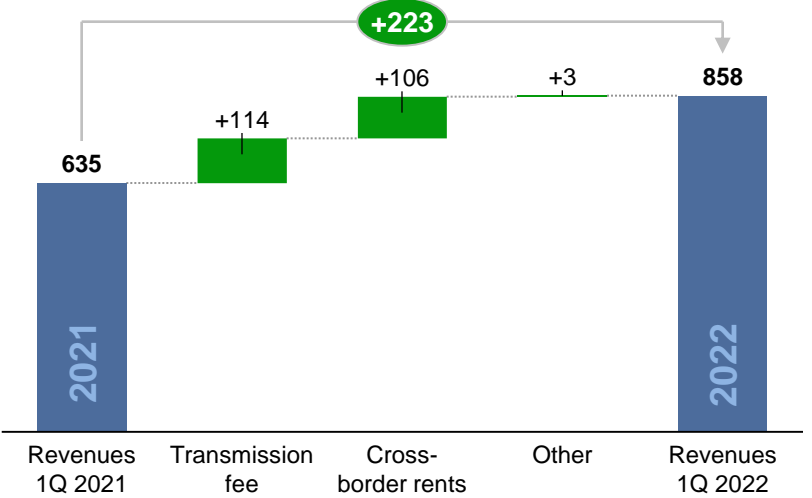


Chart unit: mil Lei

### 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)

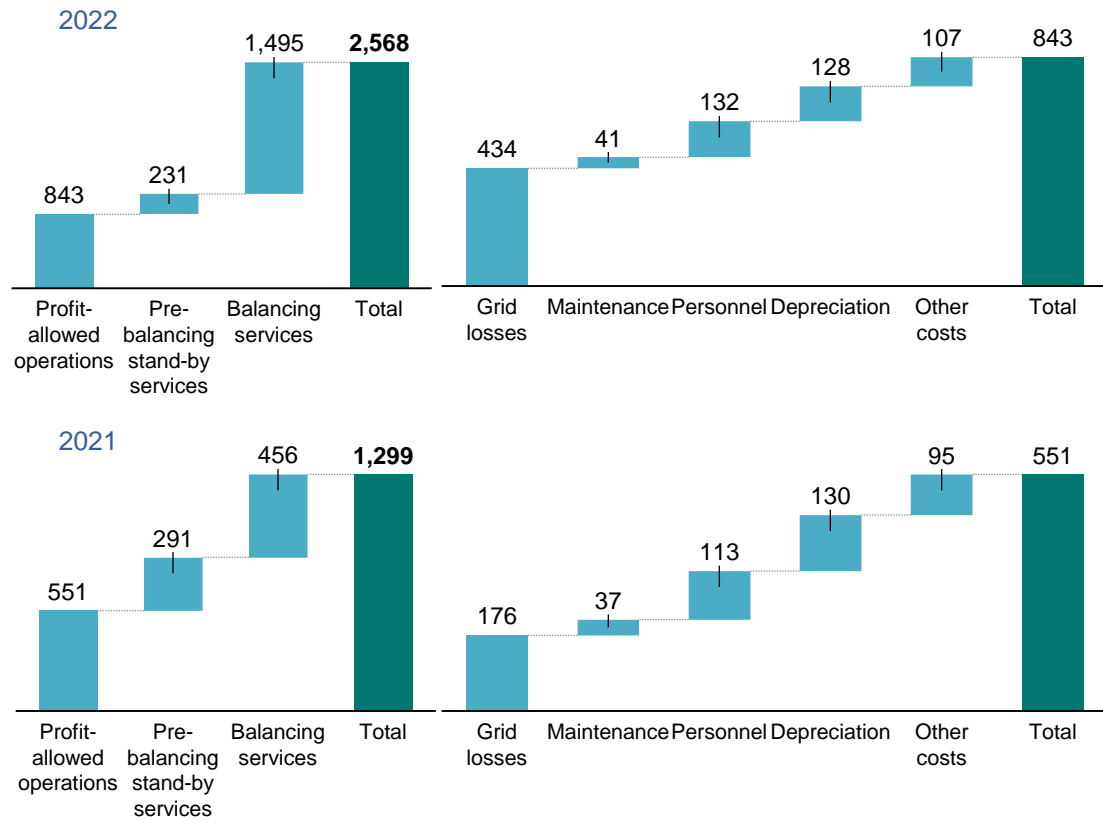




## Operations | Costs

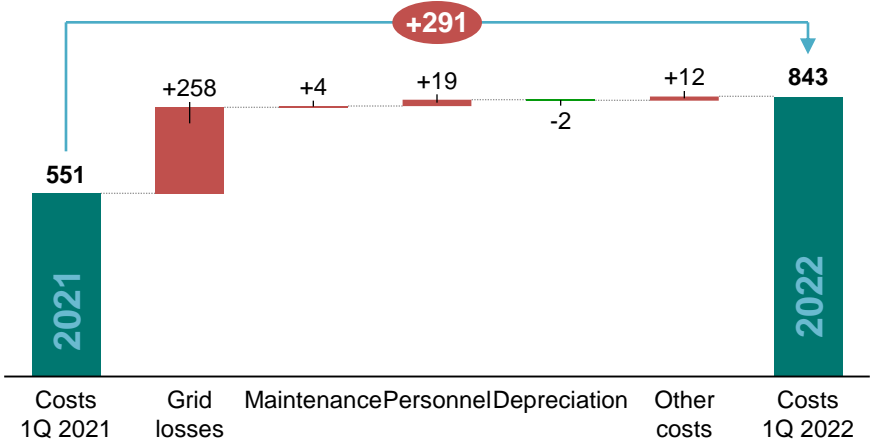
### Operational expenses

ALL OPERATIONS      PROFIT-ALLOWED OPERATIONS



### Operational expenses

PROFIT-ALLOWED OPERATIONS: BREAKDOWN



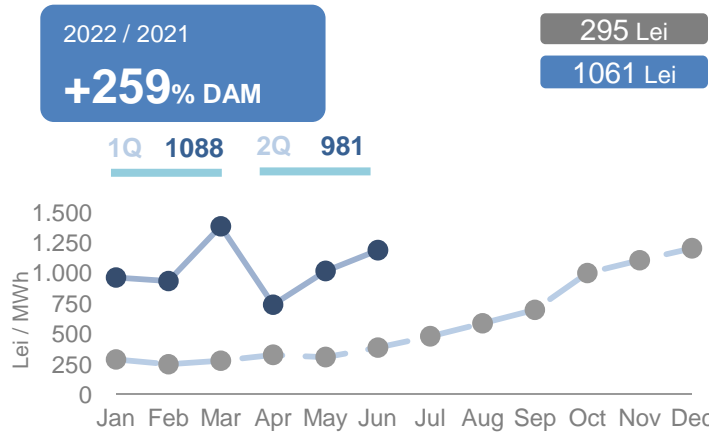
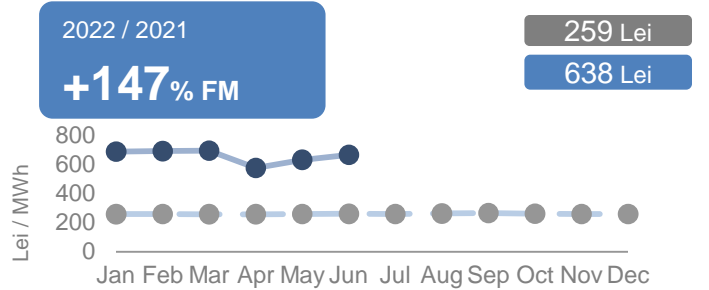
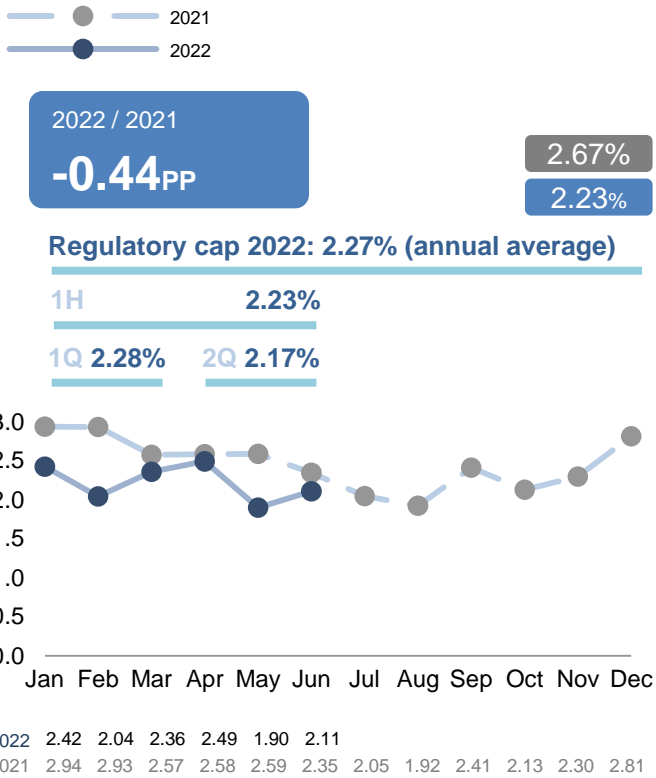
### DRIVERS BEHIND THE EVOLUTION OF COSTS

▲ Grid losses (higher electricity market prices)

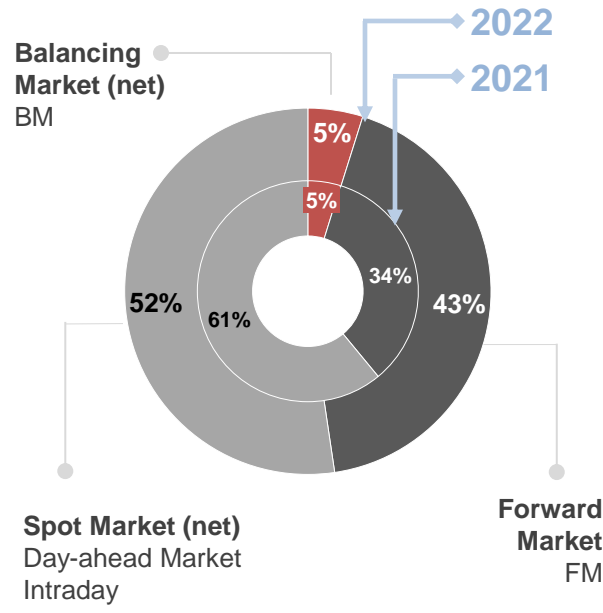
Chart unit: mil Lei



WE LEAD THE POWER



## Operational costs | grid losses



## GRID LOSSES

**21.35 TWh**  
GRID IN-TAKE VOLUME IN 1H2022

**20.87 TWh**  
GRID OFF-TAKE VOLUME IN 1H2022

**2.23% (0.48TWh)**  
GRID LOSSES 1H2022

## PRICES PAID PER MARKET

**638 Lei/MWh (▲ 147%)**  
FORWARD MARKET (FM)

**1061 Lei/MWh (▲ 259%)**  
DAY-AHEAD MARKET (DAM)

**1152 Lei/MWh (▲ 164%)**  
BALANCING MARKET (BM) (Net, BRP fee included)

## AVERAGE PRICE / PURCHASE MIX

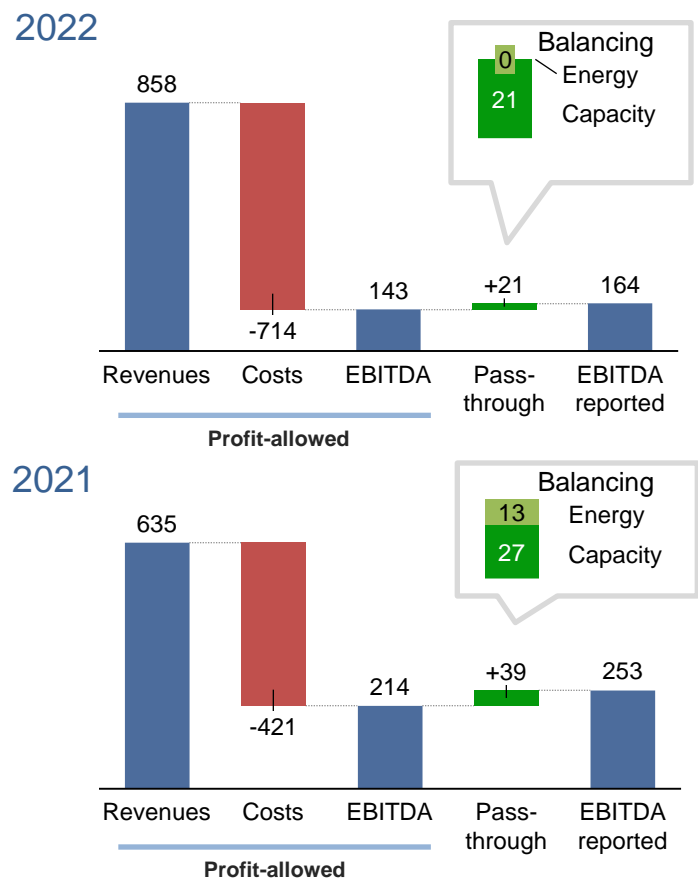
**889 Lei/MWh (▲ 207%)**  
CROSS-MARKET AVERAGE PRICE PAID

**43%FM / 52%SPOT / 5%BM (1H2022)**  
PURCHASE MIX (VOLUMES)

**34%FM / 52%SPOT / 5%BM (1H2021)**  
PURCHASE MIX (VOLUMES)



### FROM REVENUES TO EBITDA



### EBITDA BREAKDOWN (PROFIT-ALLOWED)

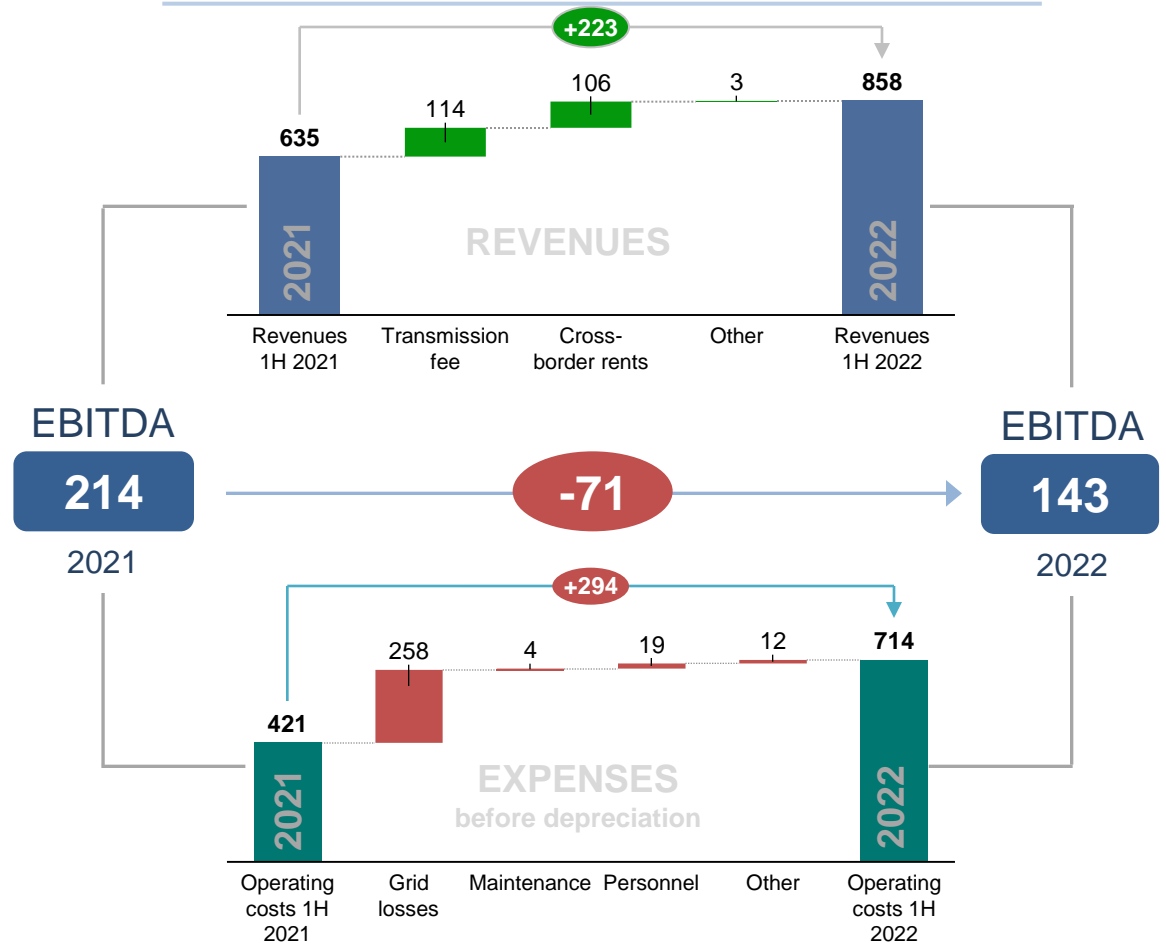
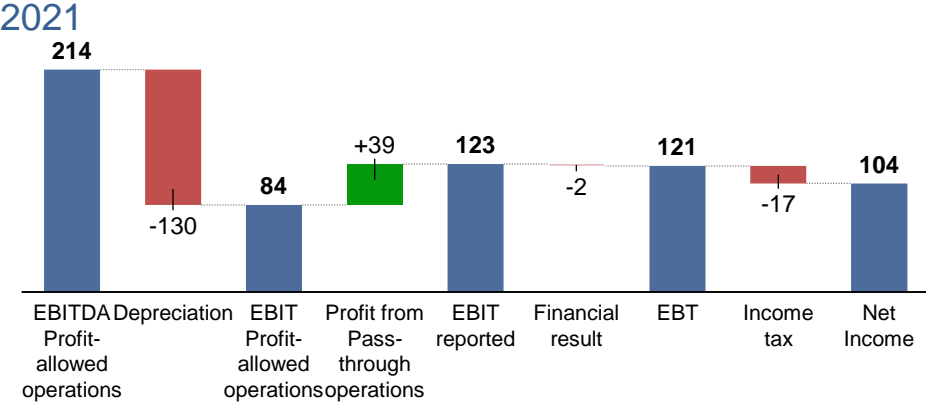
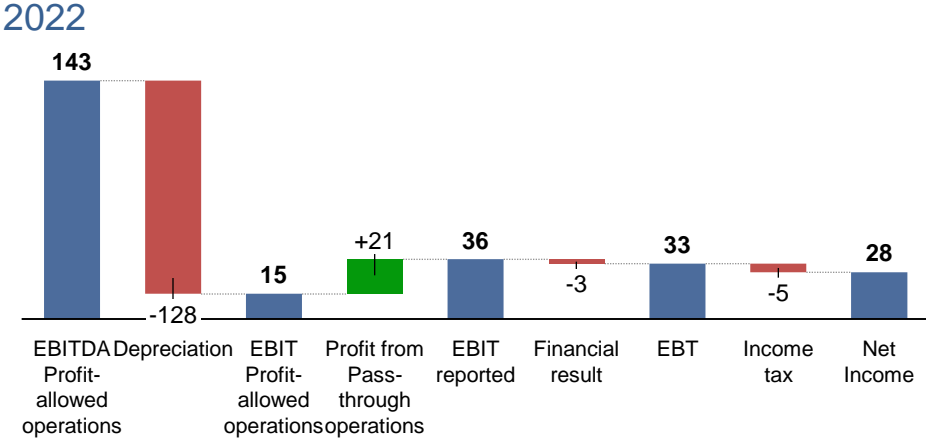


Chart unit: mil Lei

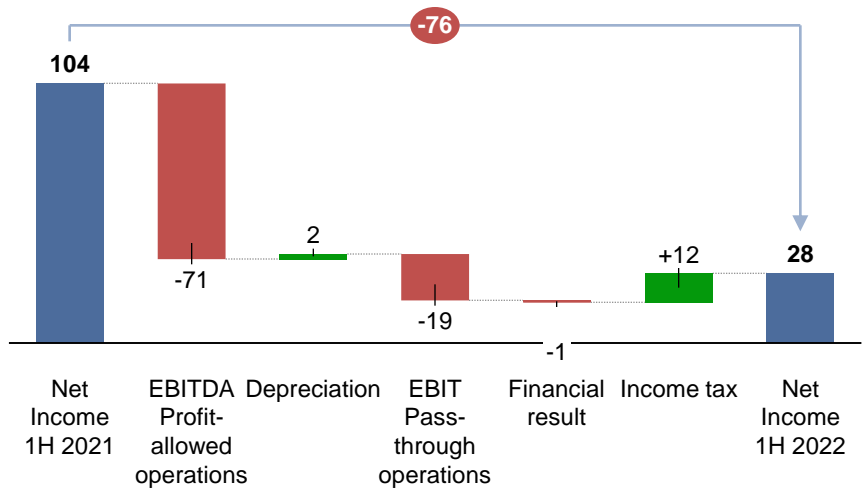


## From EBITDA to Net income

### 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 1H2022

**58**  
Lei m

**New contracts**

Total aggregate amount for contracts signed in 1H2022

Selected items:  
48 mil lei - Metering data management system

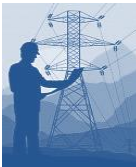


**156**  
Lei m

**Capital expenditure**

Amounts added to construction-work-in-progress in 1H2022

Selected items:  
30 mil lei - New internal line Gutinas-Smardan  
17 mil lei - Modernization of Iaz substation  
13 mil lei - Modernization of Smardan substation



**216**  
Lei m

**Assets commissioned**

Amounts transferred from construction-work-in-progress to fixed assets in 1H2022

Selected items:  
59 mil lei - Extension works in Medgidia Sud substation  
54 mil lei - Modernization of Hadat substation  
25 mil lei - Modernization of Raureni



of which RAB: 209 Lei m



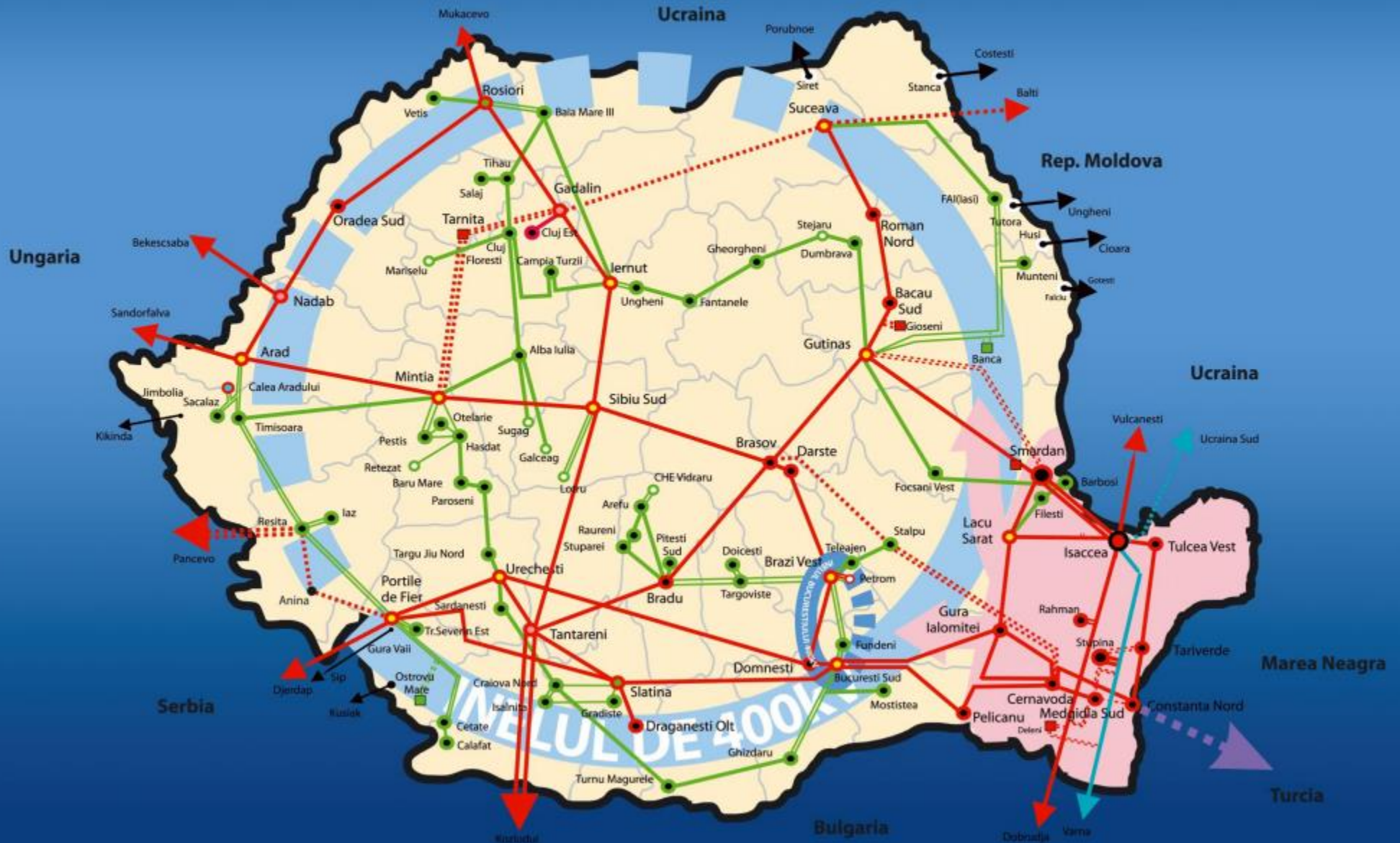


# Q&A

Thank you for your attention!



# Romanian Electricity Transmission Network



[Lei m]	1H 2022 IFRS unaudited	1H 2021 IFRS unaudited		2Q 2022 IFRS unaudited	2Q 2021 IFRS unaudited		1Q 2022 IFRS unaudited	1Q 2021 IFRS unaudited				
Billed volume [TWh]	26.90	28.28	▼	4.9%	12.56	13.35	▼	6.0%	14.35	14.93	▼	3.9%
<b>Profit-allowed operations</b>												
<b>Operational revenues</b>	<b>858</b>	<b>635</b>	▲	35.1%	<b>426</b>	<b>302</b>	▲	41.2%	<b>431</b>	<b>333</b>	▲	29.6%
Operational revenues   Transmission	833	612	▲	35.9%	414	290	▲	42.7%	419	323	▲	29.8%
Operational revenues   Transmission   Regulated fee	694	579	▲	19.7%	351	274	▲	28.2%	343	306	▲	12.1%
Operational revenues   Transmission   Cross-border rents	127	21	▲	508.9%	57	10	▲	447.9%	70	10	▲	569.9%
Operational revenues   Transmission   Other	12	12	▼	0.4%	6	6	▼	0.1%	7	7	▼	0.6%
Operational revenues   Dispatching	0	3	▼	98.6%	0	3	▼	98.8%	0	0	▼	89.9%
Operational revenues   Dispatching   Regulated fee	0	0	-	-	0	0	-	-	0	0	-	-
Operational revenues   Dispatching   Unplanned cross-border flows	0	3	▼	98.6%	0	3	▼	98.8%	0	0	▼	89.9%
Operational revenues   Other income	25	19	▲	31.2%	12	9	▲	41.3%	13	10	▲	22.7%
<b>Operational costs</b>	<b>714</b>	<b>421</b>	▲	69.7%	<b>338</b>	<b>210</b>	▲	61.1%	<b>377</b>	<b>211</b>	▲	78.3%
Operational costs   System operation	466	202	▲	130.5%	192	93	▲	106.1%	274	109	▲	151.5%
Operational costs   System operation   Grid losses	434	176	▲	146.7%	179	83	▲	116.5%	255	93	▲	173.3%
Operational costs   System operation   Congestion relief	0	0	▲	-	0	0	▲	-	0	0	▲	-
Operational costs   System operation   Power consumption in grid substations	21	10	▲	101.2%	9	4	▲	108.9%	12	6	▲	95.8%
Operational costs   System operation   Inter-TSO-Compensation	11	9	▲	16.7%	5	4	▲	17.6%	6	5	▲	15.9%
Operational costs   System operation   Other	0	6	▼	99.5%	0	3	▼	98.8%	0	4	▼	-
Operational costs   Maintenance	41	37	▲	11.1%	23	22	▲	5.2%	18	15	▲	19.4%
Operational costs   Personell	132	113	▲	16.8%	71	64	▲	11.1%	61	49	▲	24.3%
Operational costs   Other	75	69	▲	9.6%	51	31	▲	67.9%	24	38	▼	37.1%
<b>EBITDA</b>	<b>143</b>	<b>214</b>	▼	33.0%	<b>89</b>	<b>92</b>	▼	3.9%	<b>55</b>	<b>122</b>	▼	55.1%
Operational costs   Depreciation and amortization	128	130	▼	1.6%	65	66	▼	1.1%	63	64	▼	2.1%
<b>EBIT</b>	<b>15</b>	<b>84</b>	▼	82.0%	<b>23</b>	<b>26</b>	▼	11.1%	<b>-8</b>	<b>58</b>	▼	-
<b>Pass-through operations</b>												
<b>Operational revenues</b>	<b>1,747</b>	<b>787</b>	▲	121.9%	<b>947</b>	<b>394</b>	▲	140.7%	<b>799</b>	<b>393</b>	▲	103.1%
Operational revenues   System service	252	318	▼	20.9%	118	145	▼	18.9%	134	173	▼	22.6%
Operational revenues   Balancing service	1,495	469	▲	218.8%	830	249	▲	233.7%	665	220	▲	202.0%
<b>Operational costs</b>	<b>1,726</b>	<b>748</b>	▲	130.8%	<b>947</b>	<b>392</b>	▲	141.4%	<b>778</b>	<b>355</b>	▲	119.1%
Operational costs   System service	231	291	▼	20.8%	110	148	▼	26.2%	121	143	▼	15.2%
Operational costs   Balancing service	1,495	456	▲	227.7%	838	244	▲	243.4%	657	212	▲	209.7%
<b>EBIT</b>	<b>21</b>	<b>39</b>	▼	47.2%	<b>0</b>	<b>1</b>	▼	91.1%	<b>21</b>	<b>38</b>	▼	45.7%
<b>All operations (profit-allowed and pass-through)</b>												
Operational revenues	2,604	1,422	▲	83.2%	1,374	695	▲	97.5%	1,231	726	▲	69.4%
Operational costs	2,440	1,168	▲	108.8%	1,285	602	▲	113.5%	1,155	567	▲	103.9%
<b>EBITDA</b>	<b>164</b>	<b>253</b>	▼	35.2%	<b>89</b>	<b>94</b>	▼	5.1%	<b>75</b>	<b>160</b>	▼	52.9%
Operational costs   Depreciation and amortization	128	130	▼	1.6%	65	66	▼	1.1%	63	64	▼	2.1%
<b>EBIT</b>	<b>36</b>	<b>123</b>	▼	70.8%	<b>23</b>	<b>27</b>	▼	14.9%	<b>13</b>	<b>96</b>	▼	86.8%
Financial result	-3	-2	▼	46.8%	-1	0	▼	32.8%	-2	-1	▼	51.5%
<b>EBT</b>	<b>33</b>	<b>121</b>	▼	72.6%	<b>23</b>	<b>27</b>	▼	15.7%	<b>11</b>	<b>94</b>	▼	88.8%
Income tax	-5	-17	▲	69.7%	-3	-4	▲	41.7%	-3	-12	▲	79.7%
<b>Net Income</b>	<b>28</b>	<b>104</b>	▼	73.1%	<b>20</b>	<b>22</b>	▼	10.6%	<b>8</b>	<b>82</b>	▼	90.2%



## TRANSELECTRICA S.A.



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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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