



Transelectrica SA

Transmission and System Operator
of the Romanian Electrical Power System

We lead the power

Financial results

9M 2022

(01.01.2022 – 30.09.2022)

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.

FINANCIAL NUMBERS:

<i>reporting period:</i>	1 st January 2022 – 30 th September 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 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:

9M2022 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]	4,884 ▲ 114%	2,280 ▲ 165%	1,374 ▲ 98%	1,231 ▲ 69%	Higher revenues (profit-allowed +83%, pass-through +136%)
• EBITDA [mil lei]	690 ▲ 133%	526 ▲ 1135%	89 ▼ 5%	75 ▼ 53%	Higher EBITDA (profit-allowed +149%, pass-through -4%)
• Net income [mil lei]	418 ▲ 417%	390 n/m	20 ▼ 11%	8 ▼ 90%	Higher after-tax profit (x 5)

Operational

9M y/y

3Q y/y

2Q y/y

1Q y/y

• Consumption* [TWh]	40.75 ▼ 6.2%	13.00 ▼ 8.2%	12.97 ▼ 6.1%	14.78 ▼ 4.4%	Shrinking demand for electricity
• Production* [TWh]	39.44 ▼ 7.1%	12.88 ▼ 4.8%	12.90 ▼ 9.4%	14.13 ▼ 6.9%	Lower electricity production
• Imp(+)/Exp(-) net [TWh]	+1.30 ▲ 36.3%	+0.59 ▼ 47.7%	+0.07 n/m	+0.65 ▲ 140%	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

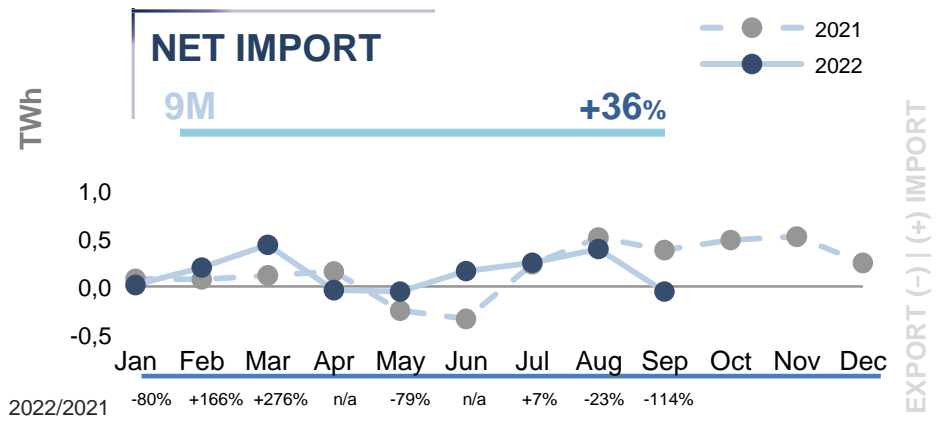
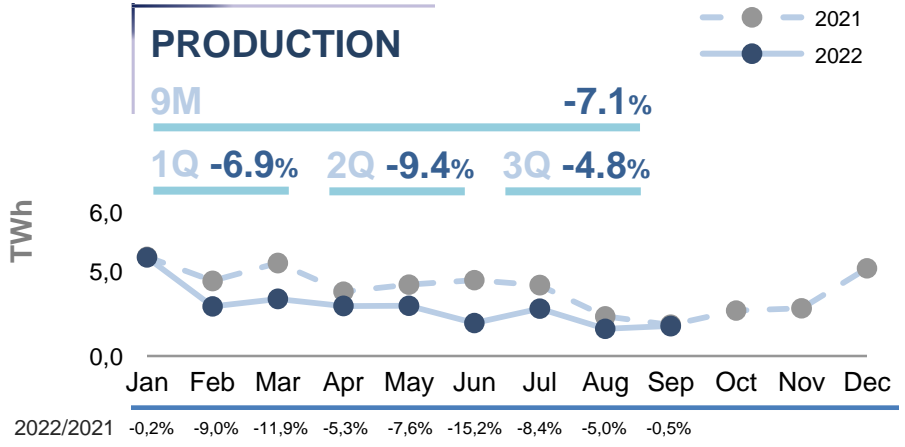
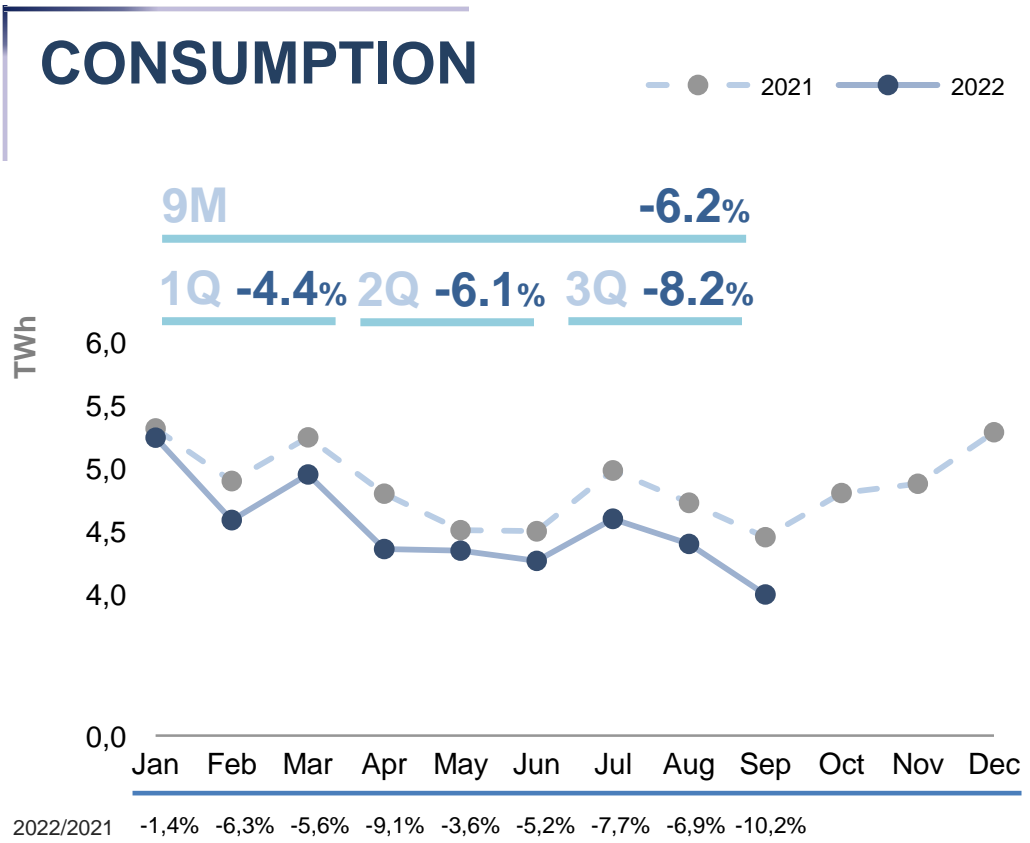
Regulatory framework

- 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
 - Grid losses costs (2022) - Anticipatory tariff income (non-cash) accounting for future tariff increases over the next 5 years to compensate for the lagging cost recovery process (significant temporary under-recovery due to the gap between the regulatory price assumption embedded in the 2022 tariff and the real substantially higher 2022 market price). Anticipatory tariff income schedule (2022): cumulated 1-3Q at 30-Sep, 4Q at 31-Dec



Domestic demand -6.2% y.o.y.

Domestic production -7.1% y.o.y.

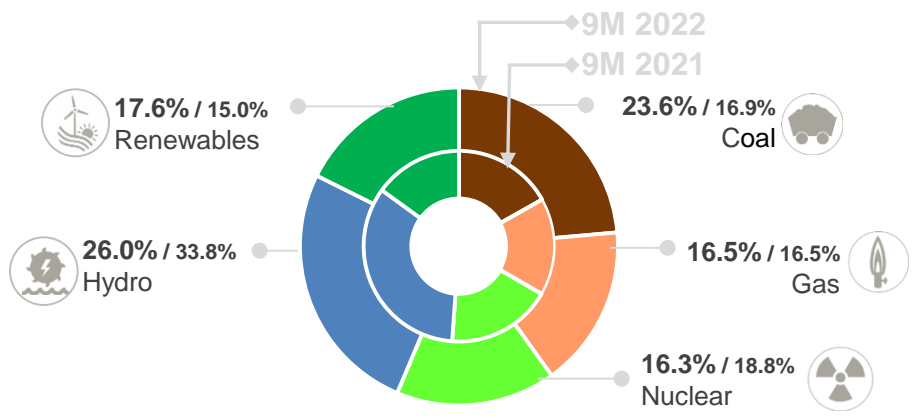


Consumption and generation numbers do not include power plants' own electricity consumption. Consumption includes (i) energy losses in transmission and distribution networks, and (ii) consumption for hydro pumped storage. Cross-border net flow is calculated based on physical flows (import-export).



9M 2022 / 9M 2021

Electricity net production mix

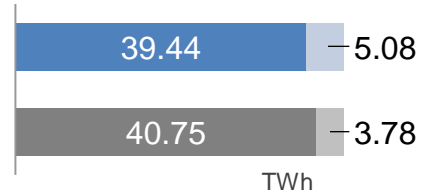


1.30 TWh
Net import

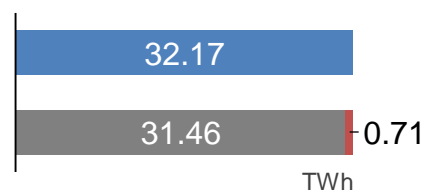
9M 2022

2.20%

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]	9M2022	9M2021	Δ abs	Δ %
Billed volume [TWh]	39.50	41.93	-2.43	-5.8%
Profit-allowed operations				
Revenues	1,740	952	+789	+82.9%
Costs	1,081	687	+394	+57.3%
EBITDA	659	264	+395	+149.4%
<i>EBITDA margin</i>	38%	28%	+0	+36.4%
Depreciation	193	196	-3	-1.5%
EBIT	466	68	+398	+583.6%
Pass-through operations				
Revenues	3,144	1,330	+1814	+136.4%
Costs	3,114	1,299	+1815	+139.7%
EBIT	30	32	-1	-3.6%
All operations				
EBITDA	690	296	+394	+133.1%
EBIT	496	100	+397	+397.9%
EBT	495	97	+398	+411.5%
Net Income	418	81	+337	+417.6%

Volumes

- **Lower volumes** (shrinking demand for electricity due to surging wholesale prices)

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**
- massive cross-border income driven by strong demand for energy transits originating from Bulgaria (Bulgaria→Romania→Hungary)
- tariff raise to partially cover the massive increase in grid operation costs (energy purchases to offset network losses) due to surging electricity wholesale prices
- **[new] anticipatory tariff income (non-cash) accounting for future tariff increases to compensate for the current 2022 grid losses cost under-recovery due to the gap between the regulatory price assumption embedded in the tariff and the real higher market price**

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

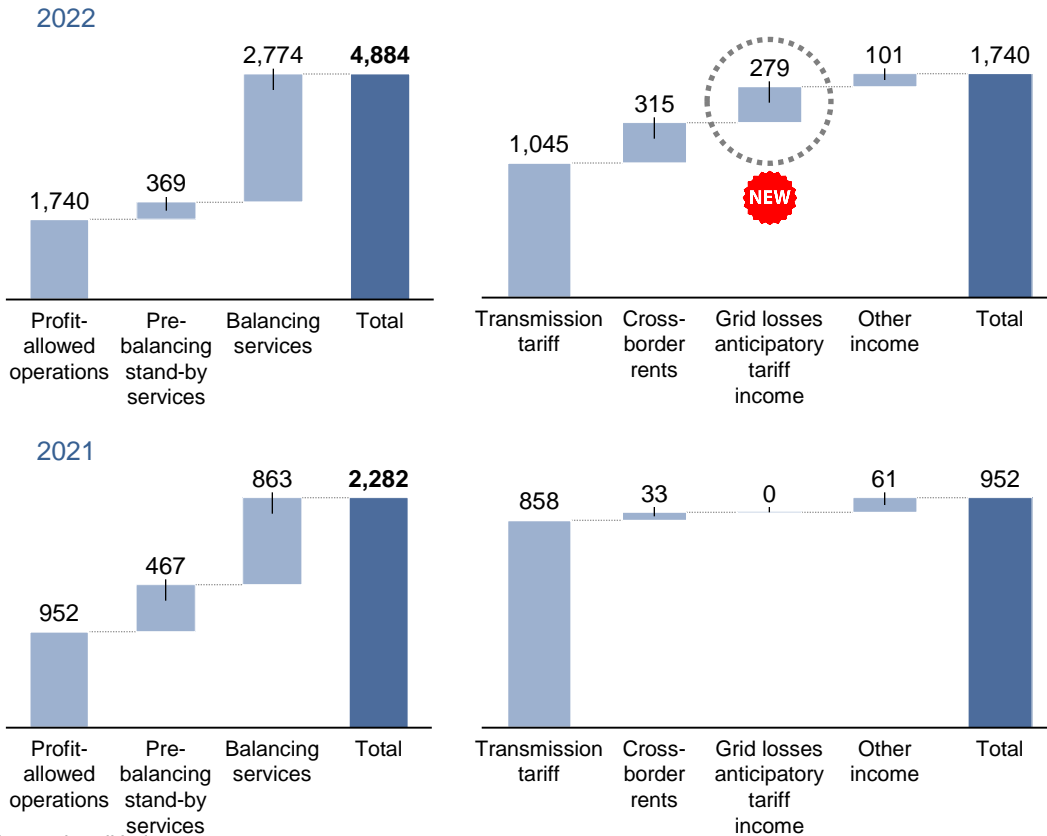
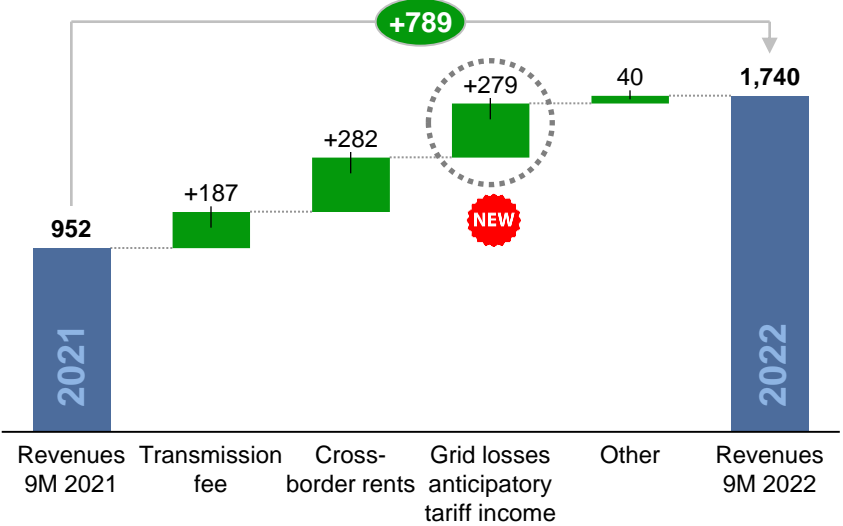


Chart unit: mil Lei

Operational revenues

PROFIT-ALLOWED OPERATIONS: BREAKDOWN



DRIVERS BEHIND THE INCREASE IN REVENUES

- ▲ Higher cross-border capacity income (high demand for energy transits originating from BG: BG→RO and RO→HU)
- ▲ Higher tariff (partially offsetting increased grid losses costs) compensated for lower volume
- ▲ Anticipatory (non-cash) tariff revenue for grid losses cost-recovery, reflecting future tariff income compensating for the gap between the regulatory energy price assumption embedded into the 2022 transmission tariff and the real 2022 market price



Operations | Costs

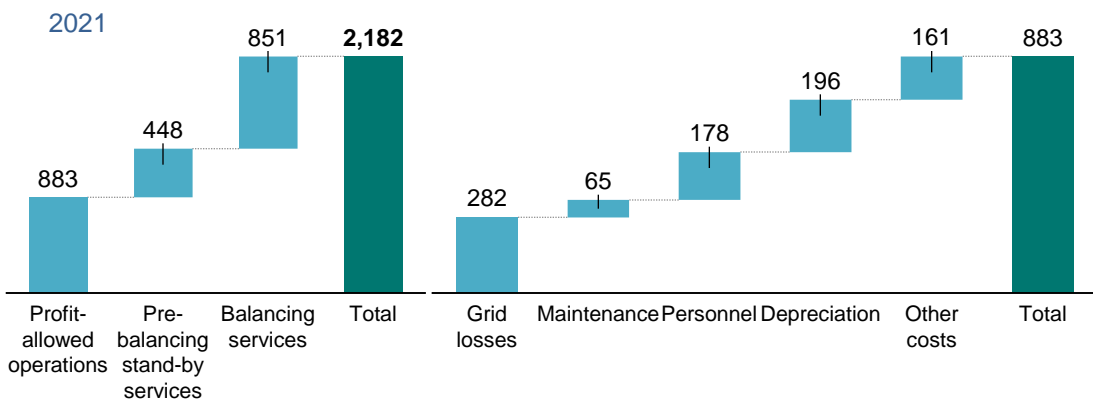
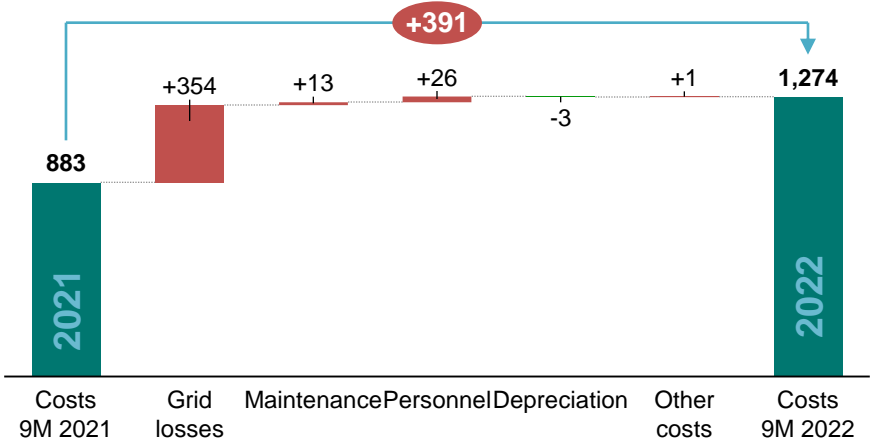
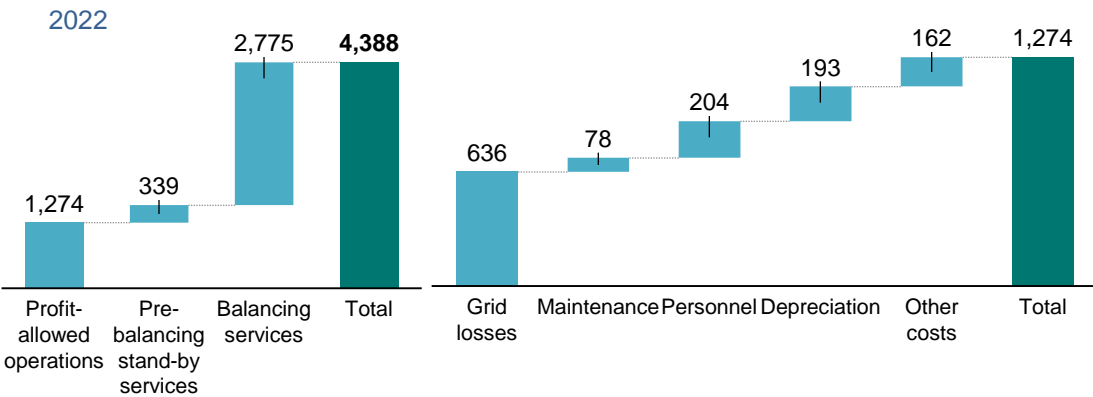
Operational expenses

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



—●— 2021
—●— 2022

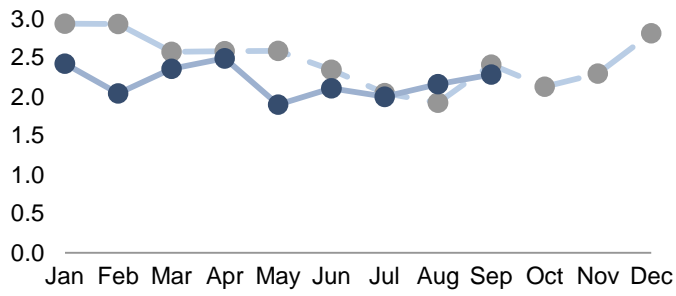
2022 / 2021
-0.28PP

2.48%
2.20%

Regulatory cap 2022: 2.27% (annual average)

9M **2.20%**

1Q **2.28%** 2Q **2.17%** 3Q **2.14%**



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022	2.42	2.04	2.36	2.49	1.90	2.11	2.00	2.16	2.28	2.16	2.16	2.16
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

GRID LOSSES

32.16 TWh
GRID IN-TAKE VOLUME IN 9M2022

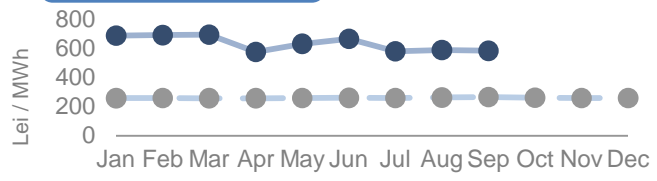
31.46 TWh
GRID OFF-TAKE VOLUME IN 9M2022

2.20% (0.70TWh)
GRID LOSSES 9M2022

2022 / 2021

+135% FM

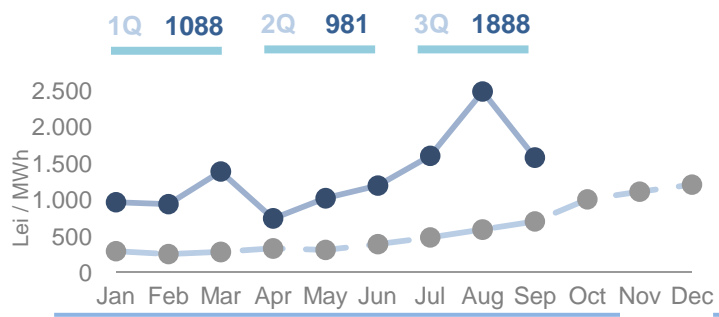
260 Lei
610 Lei



2022 / 2021

+208% DAM

367 Lei
1129 Lei



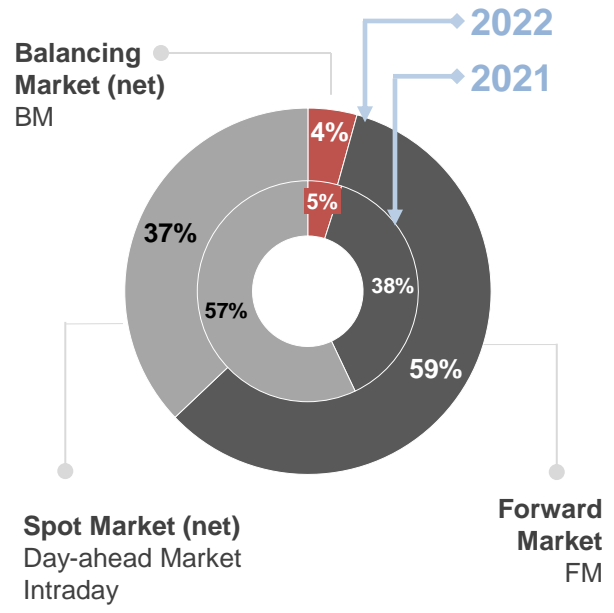
PRICES PAID PER MARKET

610 Lei/MWh (▲ 135%)
FORWARD MARKET (FM)

1129 Lei/MWh (▲ 208%)
DAY-AHEAD MARKET (DAM)

1222 Lei/MWh (▲ 172%)
BALANCING MARKET (BM) (Net, BRP fee included)

Operational costs | grid losses



AVERAGE PRICE / PURCHASE MIX

822 Lei/MWh (▲ 149%)
CROSS-MARKET AVERAGE PRICE PAID

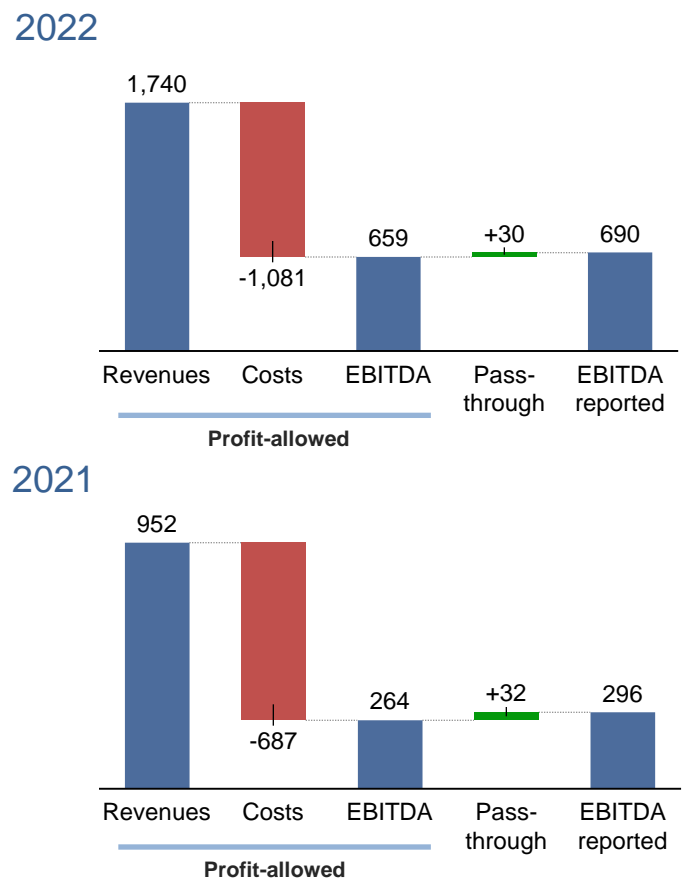
59%FM / 37%SPOT / 4%BM (9M2022)
PURCHASE MIX (VOLUMES)

38%FM / 57%SPOT / 5%BM (9M2021)
PURCHASE MIX (VOLUMES)



Operational profit | EBITDA

FROM REVENUES TO EBITDA



EBITDA BREAKDOWN (PROFIT-ALLOWED)

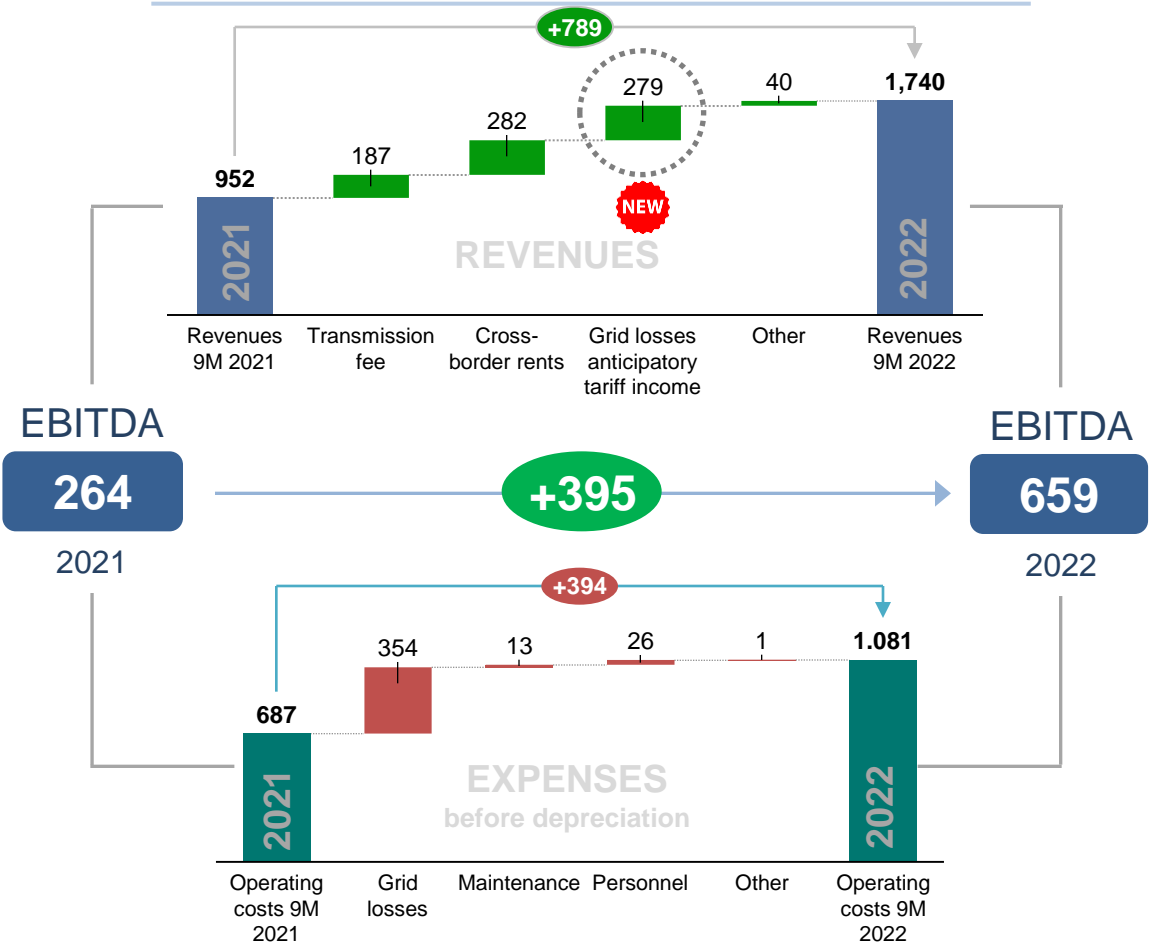


Chart unit: mil Lei



From EBITDA to Net income

FROM EBITDA TO NET INCOME

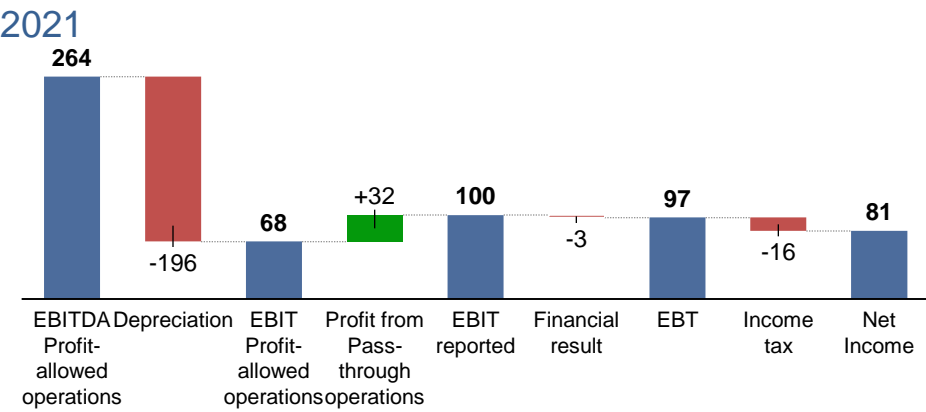
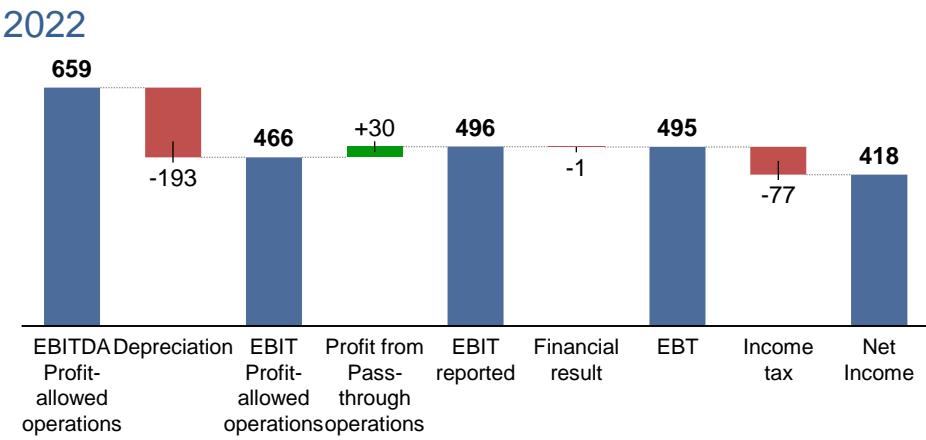
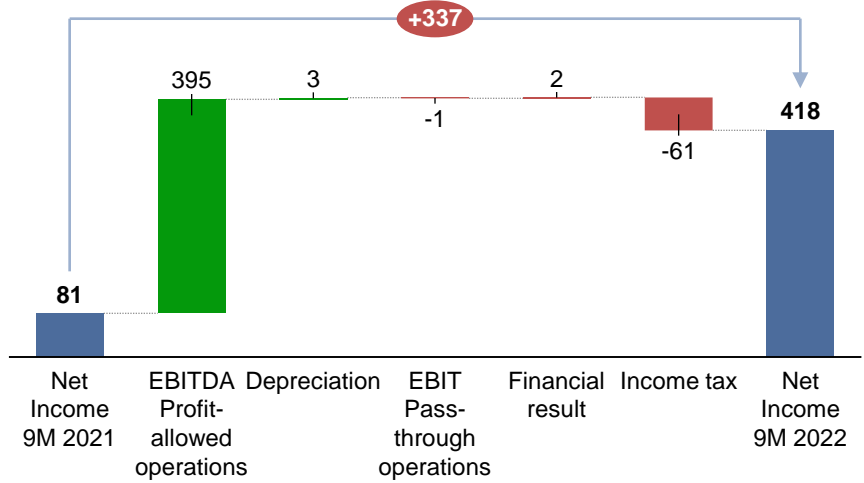


Chart unit: mil Lei

NET INCOME BREAKDOWN



MAIN DRIVERS BEHIND THE INCREASE IN NET INCOME

- ▲ EBITDA from core operations (transmission) mainly driven by
 - (i) substantial increase in cross-border income
 - (ii) anticipatory tariff income (non-cash) accounting for future tariff increases to compensate for the current 2022 grid losses cost under-recovery due to the gap between the regulatory price assumption embedded in the tariff and the real higher market price
 - (iii) sizeable increase in tariff income (but still lagging behind energy prices) offsetting the massive energy market prices impact on network operation costs (grid losses)



Delivered in 9M2022

138
Lei m

New contracts

Total aggregate amount for contracts signed in 9M2022

Selected items:

- 77 mil lei - in-out connections of Isaccea-Varna(BG) and Isaccea-Dobrudja(BG) in Medgidia substation
- 48 mil lei - Metering data management system



277
Lei m

Capital expenditure

Amounts added to construction-work-in-progress in 9M2022

Selected items:

- 59 mil lei - New internal line Gutinas-Smardan
- 20 mil lei - Modernization of Ungheni substation
- 19 mil lei - Modernization of Iaz substation



240
Lei m

Assets commissioned

Amounts transferred from construction-work-in-progress to fixed assets in 9M2022

Selected items:

- 59 mil lei - in-out connections of Isaccea-Varna(BG) and Isaccea-Dobrudja(BG) in Medgidia substation
- 54 mil lei - Modernization of Hadat substation
- 25 mil lei - Modernization of Raureni



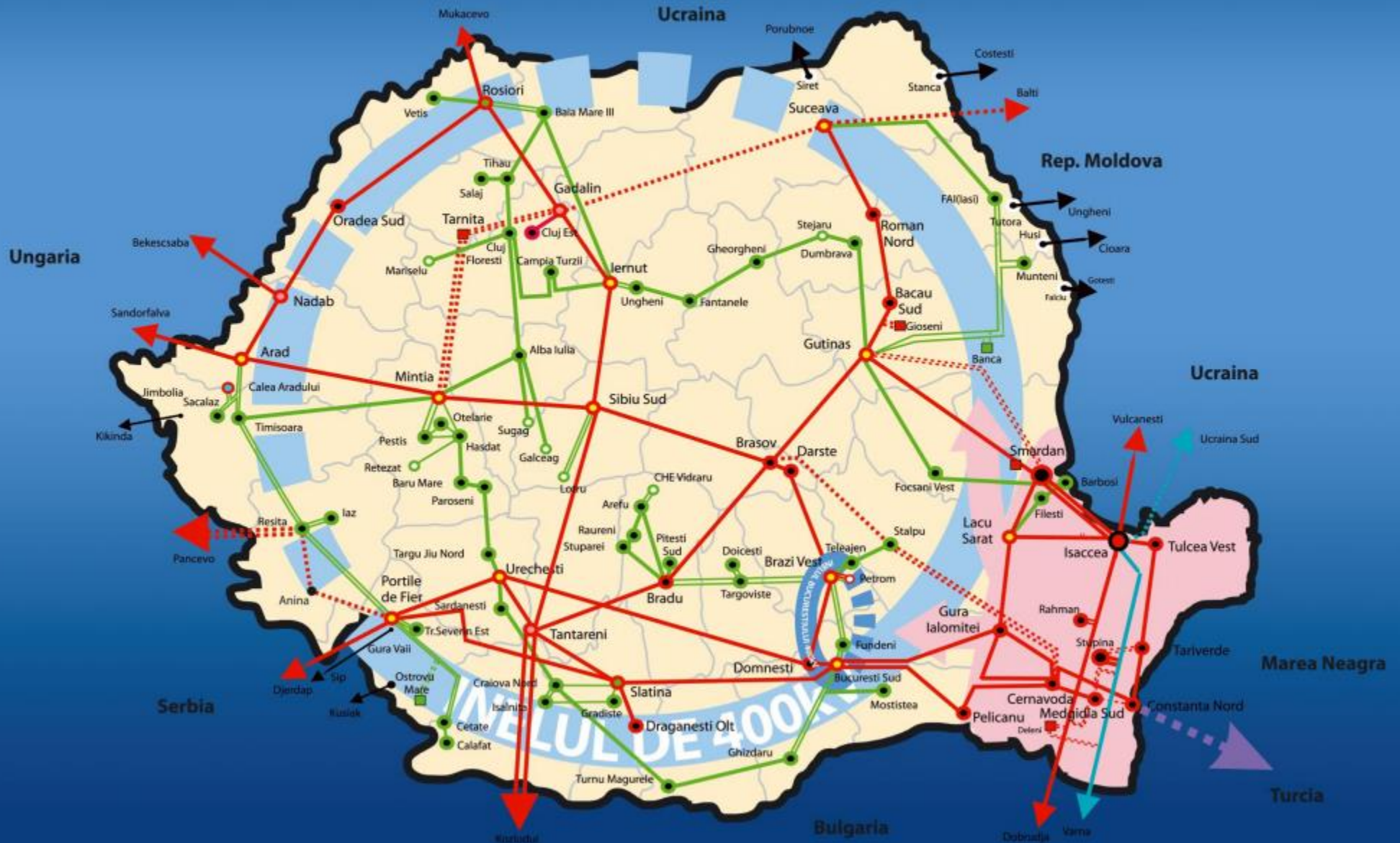
of which RAB: 224 Lei m



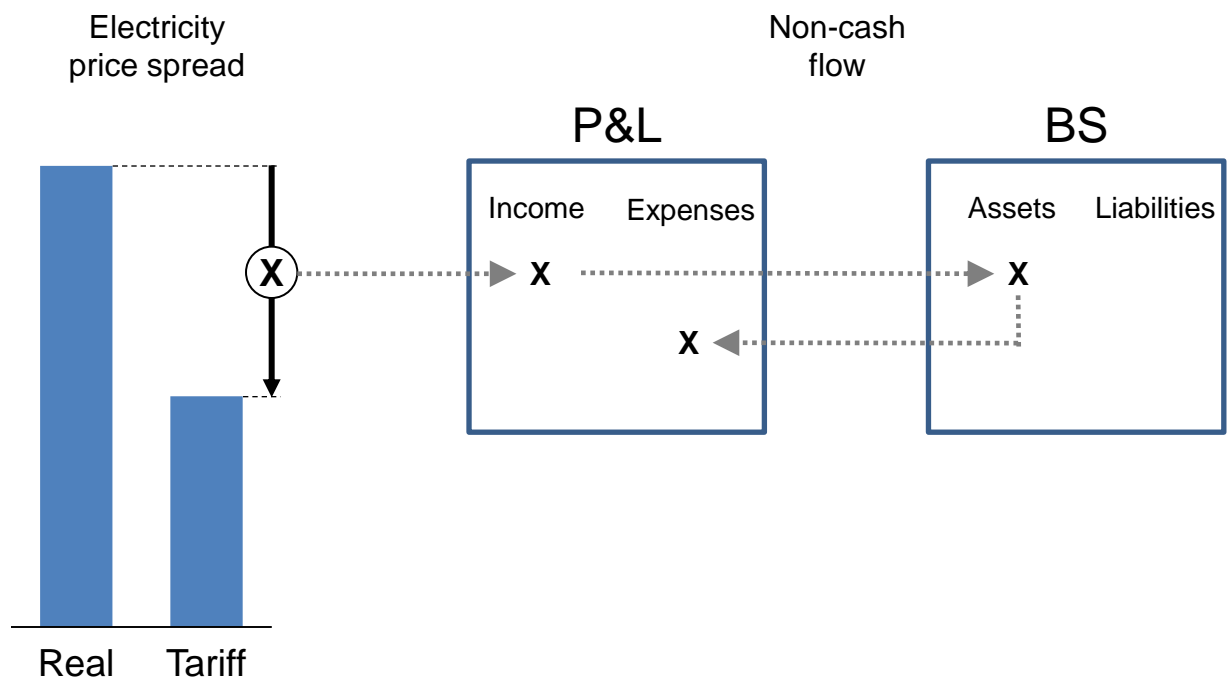
Q&A

Thank you for your attention!

Romanian Electricity Transmission Network



[Lei m]	9M 2022	9M 2021		3Q 2022	3Q 2021		2Q 2022	2Q 2021		1Q 2022	1Q 2021					
	IFRS	IFRS		IFRS	IFRS		IFRS	IFRS		IFRS	IFRS					
	unaudited	unaudited		unaudited	unaudited		unaudited	unaudited		unaudited	unaudited					
Billed volume [TWh]	39.50	41.93	▼	5.8%	12.59	13.65	▼	7.7%	12.56	13.35	▼	6.0%	14.35	14.93	▼	4%
Profit-allowed operations																
Operational revenues	1,740	952	▲	82.9%	883	317	▲	178.5%	426	302	▲	41.2%	431	333	▲	30%
Operational revenues Transmission	1,416	910	▲	55.5%	583	298	▲	95.9%	414	290	▲	42.7%	419	323	▲	30%
Operational revenues Transmission Regulated fee	1,045	858	▲	21.9%	351	278	▲	26.3%	351	274	▲	28.2%	343	306	▲	12%
Operational revenues Transmission Cross-border rents	315	33	▲	858.0%	188	12	▲	1460.3%	57	10	▲	447.9%	70	10	▲	570%
Operational revenues Transmission Other	56	20	▲	182.0%	44	8	▲	470.0%	6	6	▼	0.1%	7	7	▼	1%
Operational revenues Dispatching	10	12	▼	18.4%	10	9	▲	10.8%	0	3	▼	98.8%	0	0	▼	90%
Operational revenues Dispatching Regulated fee	0	0	-	-	0	0	-	-	0	0	-	-	0	0	-	-
Operational revenues Dispatching Unplanned cross-border flows	0	12	▼	98.8%	0	9	▼	98.8%	0	3	▼	98.8%	0	0	▼	90%
Operational revenues Dispatching Emergency energy assistance to neighborin	10	0	▲	-	10	0	▲	-	0	0	-	-	0	0	-	-
Operational revenues Other income	315	29	▲	971.8%	290	10	▲	2716.2%	12	9	▲	41.3%	13	10	▲	23%
Operational revenues Other income Grid losses anticipatory tariff income	279	0	▲	-	279	0	▲	-	0	0	-	-	0	0	-	-
Operational revenues Other income Other income	35	29	▲	20.4%	10	10	▲	0.4%	12	9	▲	41.3%	13	10	▲	23%
Operational costs	1,081	687	▲	57.3%	367	266	▲	37.6%	338	210	▲	61.1%	377	211	▲	78%
Operational costs System operation	681	325	▲	109.5%	215	123	▲	74.9%	192	93	▲	106.1%	274	109	▲	152%
Operational costs System operation Grid losses	636	282	▲	125.3%	202	106	▲	89.9%	179	83	▲	116.5%	255	93	▲	173%
Operational costs System operation Congestion relief	0	0	▲	-	0	0	▼	-	0	0	▲	-	0	0	▲	#####
Operational costs System operation Power consumption in grid substations	30	15	▲	102.5%	9	4	▲	105.5%	9	4	▲	108.9%	12	6	▲	96%
Operational costs System operation Inter-TSO-Compensation	16	13	▲	20.3%	5	4	▲	29.9%	5	4	▲	17.6%	6	5	▲	16%
Operational costs System operation Other	0	15	▼	99.8%	0	9	▼	-	0	3	▼	98.8%	0	4	▼	-
Operational costs Maintenance	78	65	▲	20.2%	37	28	▲	32.0%	23	22	▲	5.2%	18	15	▲	19%
Operational costs Personell	204	178	▲	14.5%	72	65	▲	10.5%	71	64	▲	11.1%	61	49	▲	24%
Operational costs Other	117	118	▼	1.2%	42	50	▼	16.0%	51	31	▲	67.9%	24	38	▼	37%
EBITDA	659	264	▲	149.4%	516	50	▲	922.4%	89	92	▼	3.9%	55	122	▼	55%
Operational costs Depreciation and amortization	193	196	▼	1.5%	65	66	▼	1.4%	65	66	▼	1.1%	63	64	▼	2%
EBIT	466	68	▲	583.6%	451	-15	▲	-	23	26	▼	11.1%	-8	58	▼	-
Pass-through operations																
Operational revenues	3,144	1,330	▲	136.4%	1,397	543	▲	157.3%	947	394	▲	140.7%	799	393	▲	103%
Operational revenues System service	369	467	▼	20.9%	118	149	▼	20.9%	118	145	▼	18.9%	134	173	▼	23%
Operational revenues Balancing service	2,774	863	▲	221.5%	1,280	394	▲	224.6%	830	249	▲	233.7%	665	220	▲	202%
Operational costs	3,114	1,299	▲	139.7%	1,388	551	▲	151.8%	947	392	▲	141.4%	778	355	▲	119%
Operational costs System service	339	448	▼	24.3%	108	157	▼	30.9%	110	148	▼	26.2%	121	143	▼	15%
Operational costs Balancing service	2,775	851	▲	226.2%	1,280	395	▲	224.3%	838	244	▲	243.4%	657	212	▲	210%
EBIT	30	32	▼	3.6%	10	-8	▲	-	0	1	▼	91.1%	21	38	▼	46%
All operations (profit-allowed and pass-through)																
Operational revenues	4,884	2,282	▲	114.0%	2,280	860	▲	165.1%	1,374	695	▲	97.5%	1,231	726	▲	69%
Operational costs	4,195	1,986	▲	111.2%	1,754	817	▲	114.6%	1,285	602	▲	113.5%	1,155	567	▲	104%
EBITDA	690	296	▲	133.1%	526	43	▲	1135.4%	89	94	▼	5.1%	75	160	▼	53%
Operational costs Depreciation and amortization	193	196	▼	1.5%	65	66	▼	1.4%	65	66	▼	1.1%	63	64	▼	2%
EBIT	496	100	▲	397.9%	461	-23	▲	-	23	27	▼	14.9%	13	96	▼	87%
Financial result	-1	-3	▲	61.4%	2	-1	▲	-	-1	0	▼	32.8%	-2	-1	▼	52%
EBT	495	97	▲	411.5%	462	-24	▲	-	23	27	▼	15.7%	11	94	▼	89%
Income tax	-77	-16	▼	380.8%	-72	1	▼	-	-3	-4	▲	41.7%	-3	-12	▲	80%
Net Income	418	81	▲	417.6%	390	-24	▲	-	20	22	▼	10.6%	8	82	▼	90%



Grid losses costs (2022) - Anticipatory tariff income (non-cash) accounting for future tariff increases over the next 5 years to compensate for the lagging cost recovery process (significant temporary under-recovery due to the gap between the regulatory price assumption embedded in the 2022 tariff and the real substantially higher 2022 market price).

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



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