



# Transelectrica SA

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

We lead the power

**Financial results**

**1H2021**

(01.01.2021 – 30.06.2021)

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:

*reporting period:* 1<sup>st</sup> January 2021 – 30<sup>th</sup> June 2021

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

*basis/scope:* standalone (unconsolidated)

*external audit:* not audited by external auditor

*rounded numbers:* 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:

### 1H2021 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]	1,422 ▲ 30%	695 ▲ 43%	726 ▲ 20%	Higher revenues (profit-allowed +9%, pass-through +55%)
• EBITDA [mil lei]	253 ▼ 10%	94 ▼ 21%	160 ▼ 2%	Lower EBITDA (profit-allowed -9%, pass-through -13%)
• Net income [mil lei]	104 ▼ 10%	22 ▼ 42%	82 ▲ 6%	Slightly lower after-tax profit

## Operational

1H y/y

2Q y/y

1Q y/y

	1H y/y	2Q y/y	1Q y/y	
• Consumption* [TWh]	29.21 ▲ 7.5%	13.75 ▲ 12.1%	15.43 ▲ 3.5%	Full post-Covid recovery of local electricity demand
• Production* [TWh]	29.37 ▲ 12.8%	14.18 ▲ 22.2%	15.16 ▲ 5.2%	Sizeable increase in electricity production
• Imp/Exp net [TWh]	-0.16 n/m	-0.43 n/m	+0.27 ▼ 44.8%	Back to net export

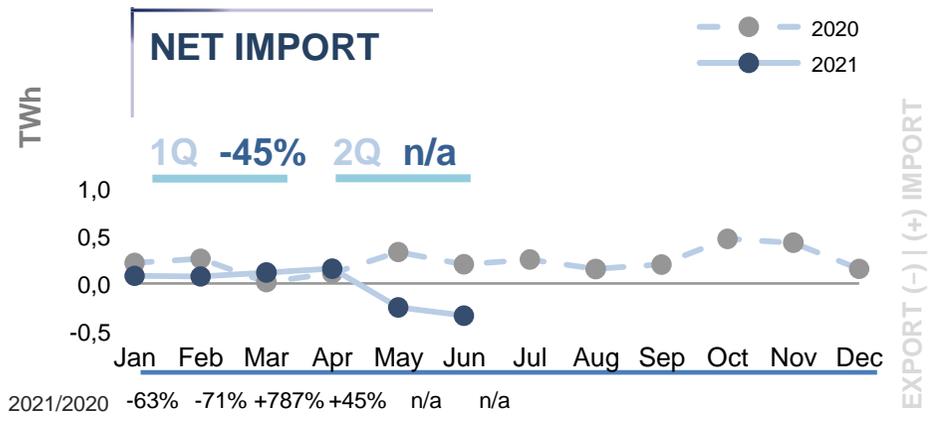
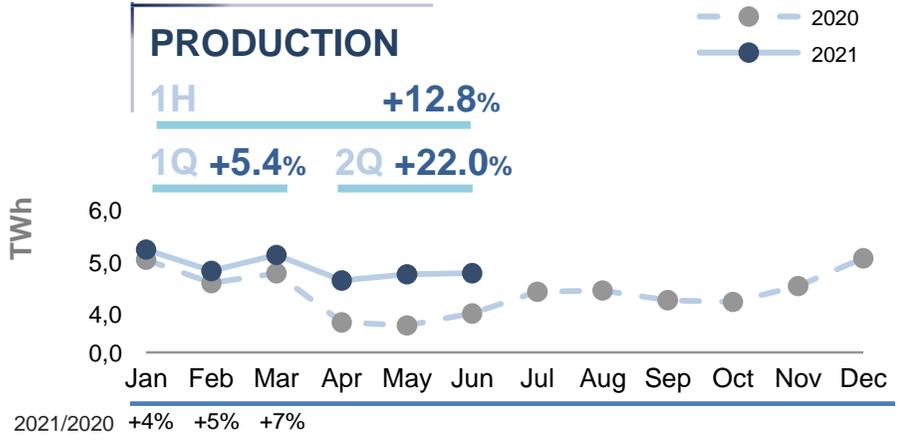
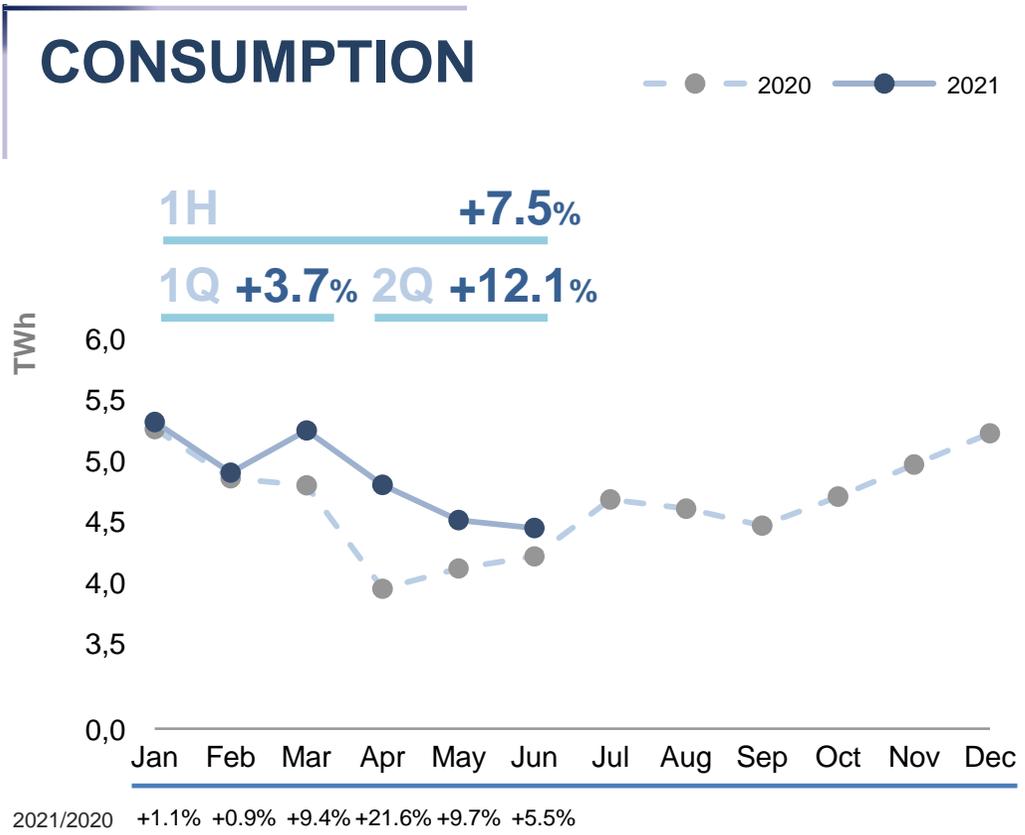
\*consumption/generation numbers do not include power plants' own electricity consumption. Consumption includes (i) consumption for hydro pumped storage, and (ii) energy losses in transmission and distribution networks. Cross-border net flow is calculated based on physical flows (export-import) aggregated 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 1H2021 driven by the tariff cut as of 1-March 2021
  - Energy balancing services: temporary gain in 1H2021 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 1H2021 (+7.5% y.o.y.)

Domestic production – increase in 1H2021 (+12.8% y.o.y.)



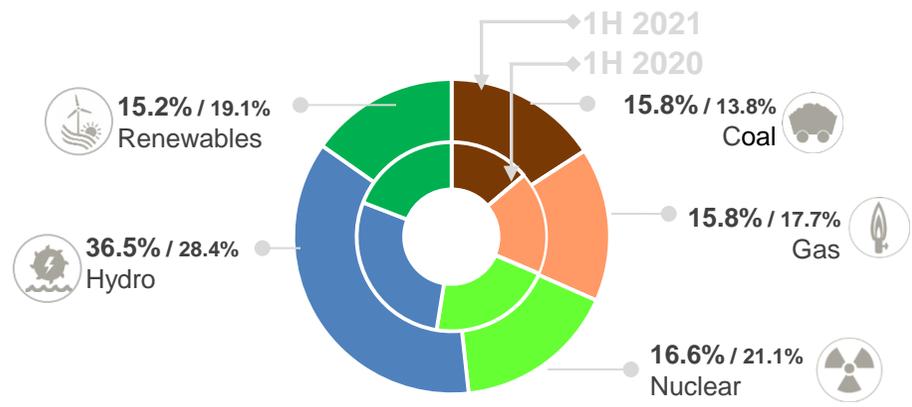
Consumption and generation numbers do not include power plants' own electricity consumption. Consumption includes (i) energy losses in transmission and distribution networks, and (ii) consumption for hydro pumped storage. Cross-border net flow is calculated based on physical flows (import-export).



# Results 1H2021

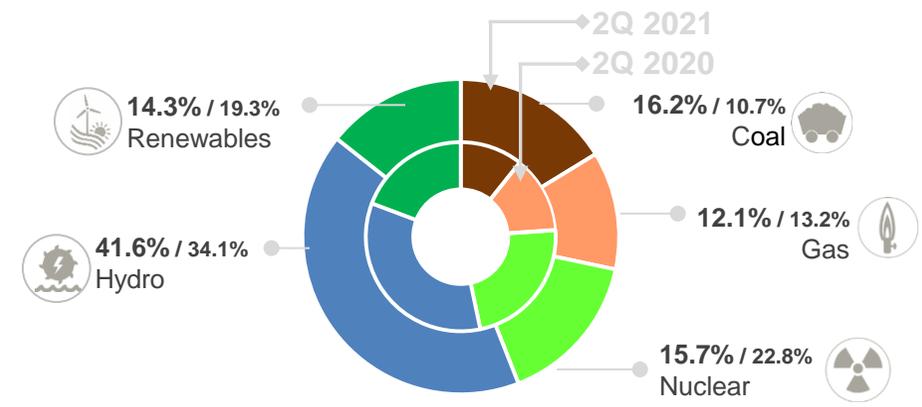
## 1H 2021 / 1H 2020

Electricity net production mix



## 2Q 2021 / 2Q 2020

Electricity net production mix

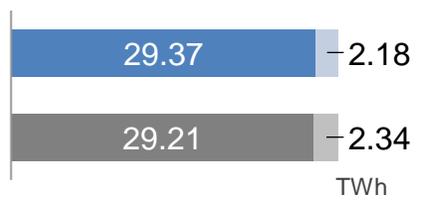


0.16TWh  
Net Import

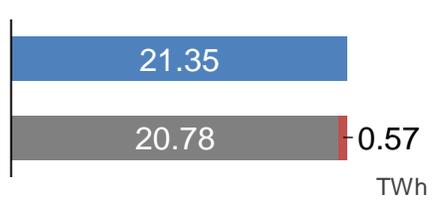
### 1H 2021

2.67%

National electricity balance



Transmission losses



National power plant output  
Import

National consumption  
Export

Grid in-take volume

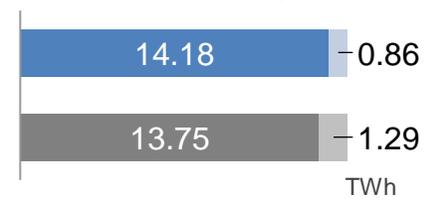
Grid out-take volume  
Grid losses

0.43TWh  
Net Export

### 2Q 2021

2.50%

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]	1H2021	1H2020	Δ abs	Δ %
Billed volume [TWh]	28.28	26.26	+2.02	+7.2%
<b>Profit-allowed operations</b>				
Revenues	635	581	+54	+8.5%
Costs	421	344	+76	+18.2%
EBITDA	214	236	-22	-10.4%
<i>EBITDA margin</i>	34%	41%	-0	
Depreciation	130	136	-6	-4.6%
EBIT	84	100	-16	-19.5%
<b>Pass-through operations</b>				
Revenues	787	509	+278	+35.3%
Costs	748	464	+283	+37.9%
EBIT	39	45	-6	
<b>All operations</b>				
EBITDA	253	281	-28	-11.0%
EBIT	123	145	-22	-17.9%
EBT	121	143	-22	-18.1%
Net Income	104	116	-11	-10.7%

### 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 2Q)
- **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 clawback process monitored by the Regulator).

#### **! Energy balancing services**

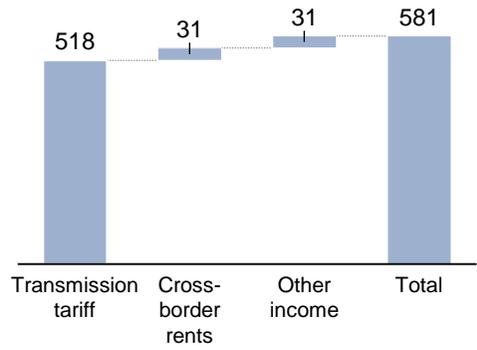
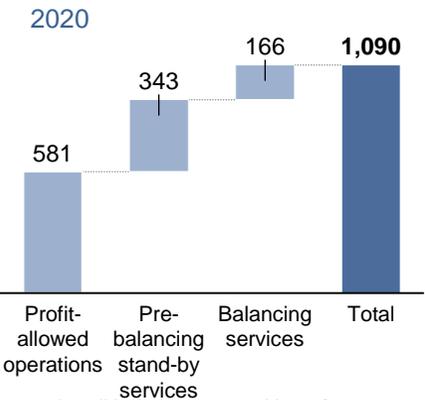
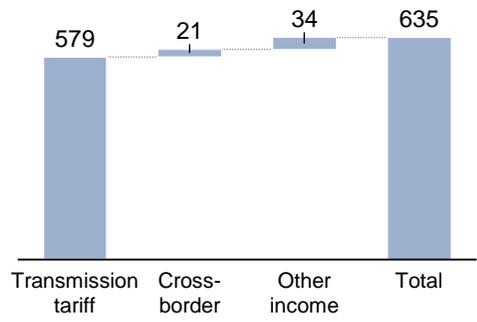
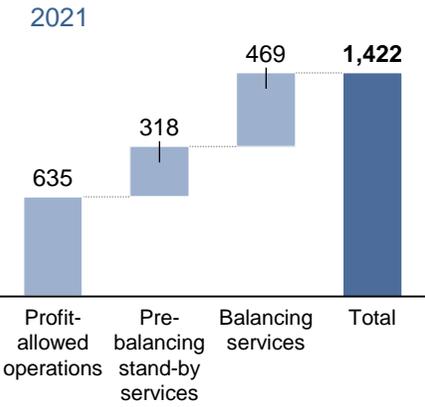
Temporary profit in 1H2021 due to new settlement rules in place since 1-Feb-2021 (balancing financial neutrality to be achieved under a new cross-segment framework i.e. any balancing gains/losses to be offset by adjusting the transmission tariff). Temporary gain to be reversed over the next year(s) (tariff clawback 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

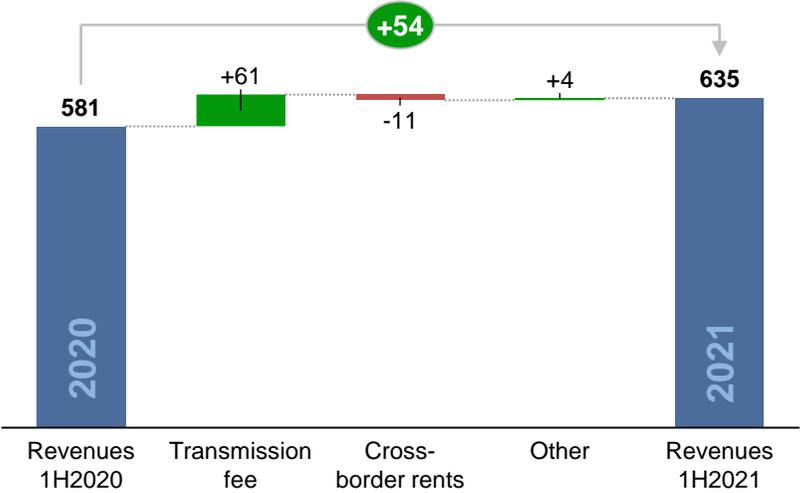
#### ALL OPERATIONS

#### PROFIT-ALLOWED OPERATIONS



### Operational revenues

#### PROFIT-ALLOWED OPERATIONS: BREAKDOWN



#### DRIVERS BEHIND THE DECREASE IN REVENUES

- ▲ Higher volumes (incl. base effect of Covid19 hard lockdown in Mar-Jun 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

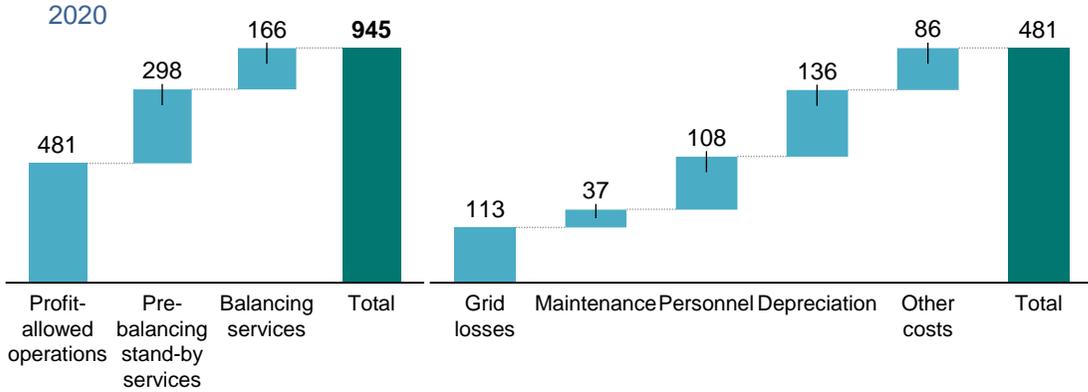
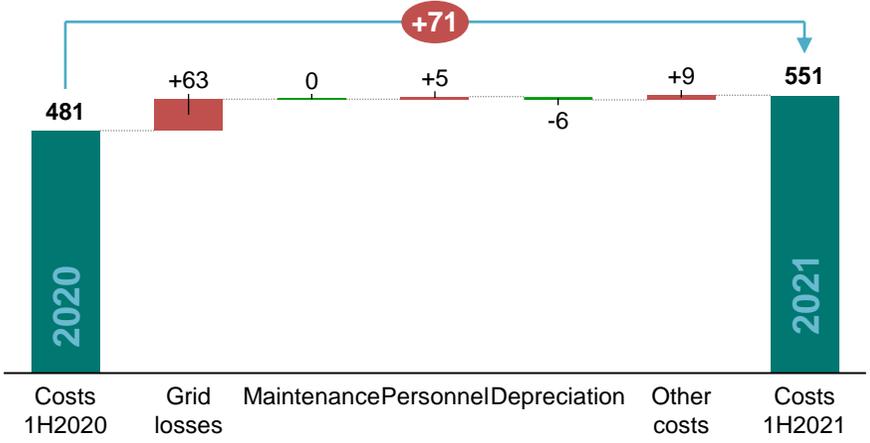
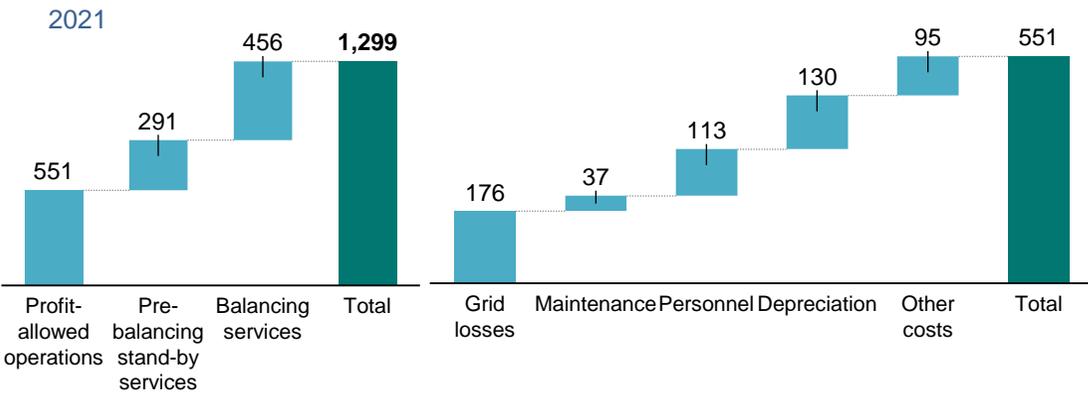
### Operational expenses

### 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

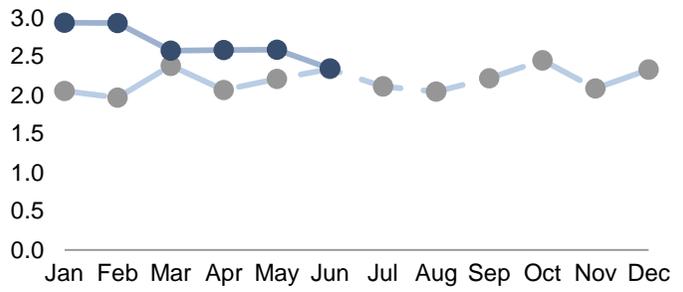
—●— 2020  
—●— 2021

2021 / 2020  
**+0.51 PP**

2.16%  
2.67%

Regulatory cap 2021: 2.3% (annual average)

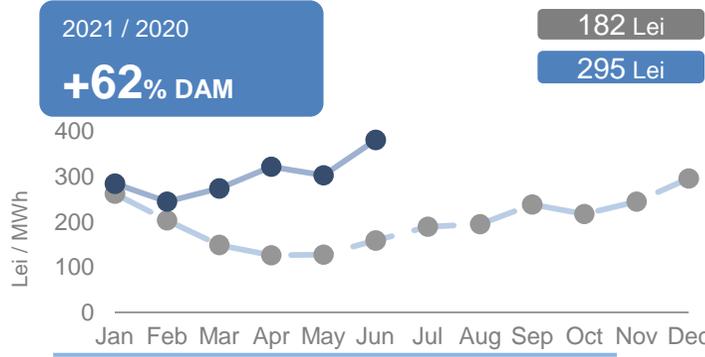
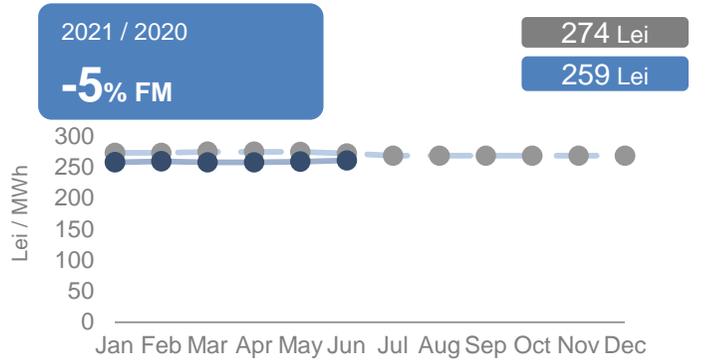
1H 2.67%  
1Q 2.81% 2Q 2.50%



2021 2.94 2.93 2.57 2.58 2.59 2.35  
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

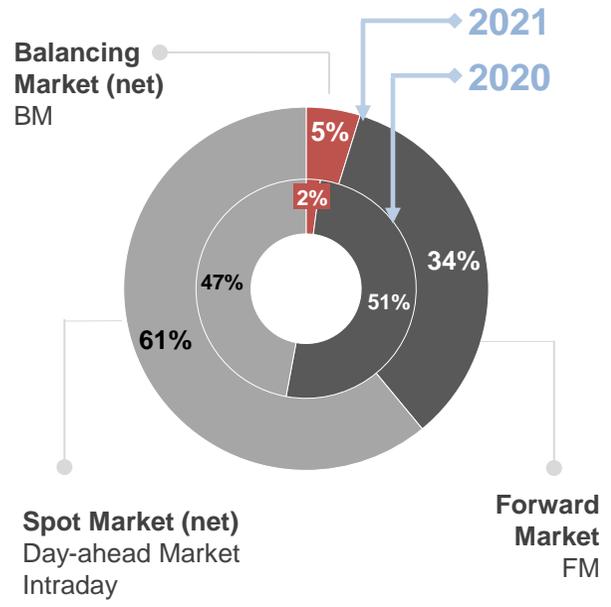
**21.35 TWh**  
GRID IN-TAKE VOLUME IN 1H2021  
**20.78 TWh**  
GRID OFF-TAKE VOLUME IN 1H2021  
**2.67% (0.57 TWh)**  
GRID LOSSES 1H2021



## PRICES PAID PER MARKET

**259 Lei/MWh (▼ 5%)**  
FORWARD MARKET (FM)  
**295 Lei/MWh (▲ 62%)**  
DAY-AHEAD MARKET (DAM)  
**435 Lei/MWh (▼ 57%)**  
BALANCING MARKET (BM) (Net, BRP fee included)

## Operational costs | grid losses

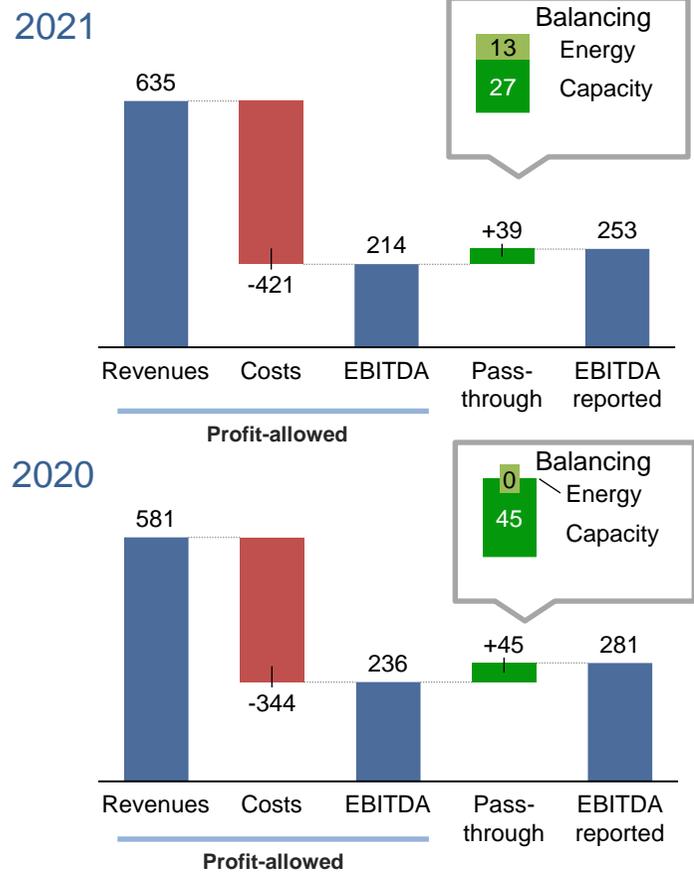


## AVERAGE PRICE / PURCHASE MIX

**289 Lei/MWh (▲ 18%)**  
CROSS-MARKET AVERAGE PRICE PAID  
**34%FM / 61%SPOT / 5%BM (2021)**  
PURCHASE MIX (VOLUMES)  
**51%FM / 47%SPOT / 2%BM (2020)**  
PURCHASE MIX (VOLUMES)



### FROM REVENUES TO EBITDA



### EBITDA BREAKDOWN (PROFIT-ALLOWED)

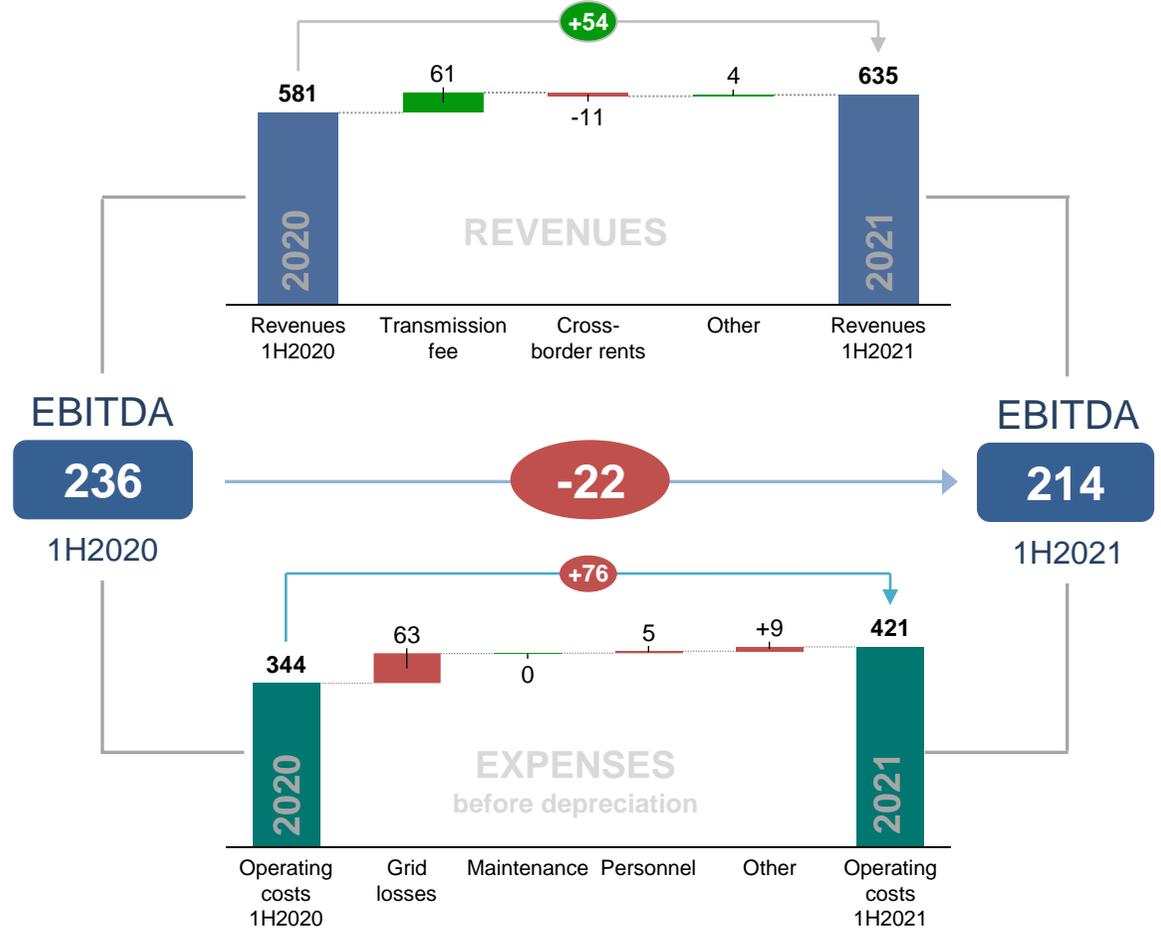
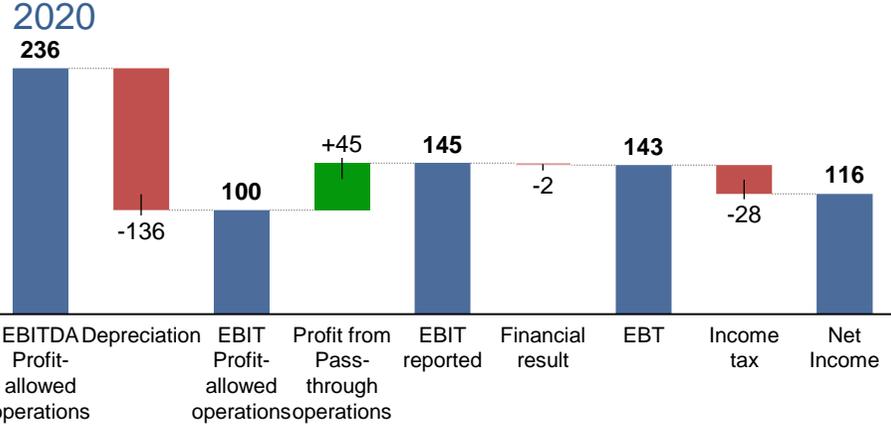
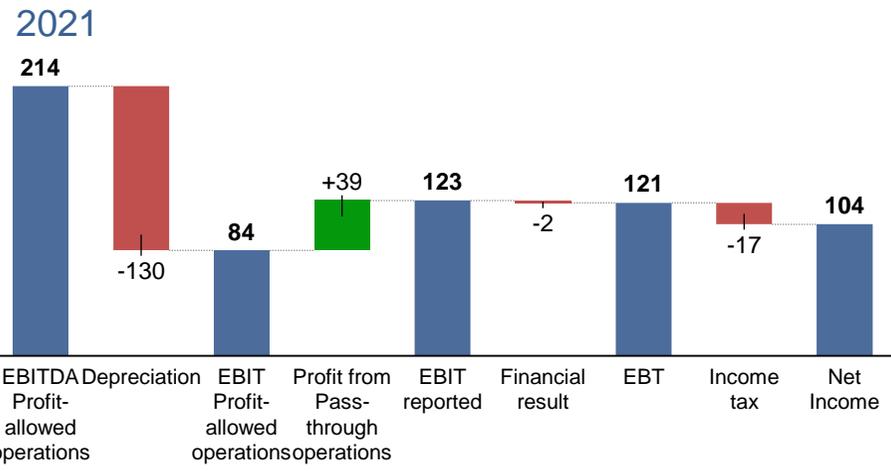


Chart unit: mil Lei

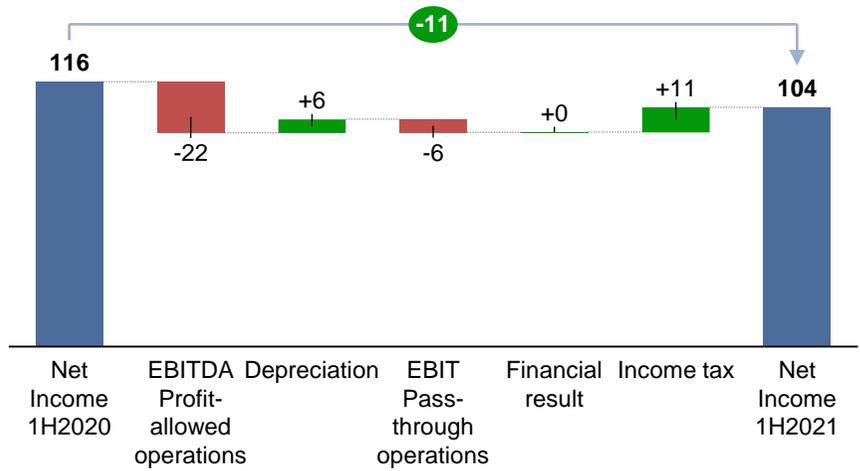


## From EBITDA to Net income

### 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

Chart unit: mil Lei

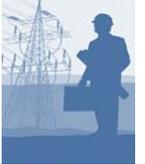


## Delivered in 1H2021

**451**  
Lei m

**New contracts**  
Total aggregate amount for contracts signed in 1H2021

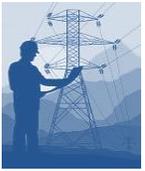
- Selected items:
- 248 mil lei - New internal line Gutinas-Smardan
  - 96 mil lei - Modernization of Pelicanu grid substation
  - 39 mil lei - Modernization of Arefu grid substation



**262**  
Lei m

**Capital expenditure**  
Amounts added to construction-work-in-progress in 1H2021

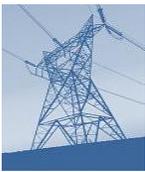
- Selected items:
- 92 mil lei - New internal line Cernavoda-Stalpu
  - 22 mil lei - Modernization of Domnesti grid substation
  - 18 mil lei - New internal line Portile de Fier-Resita within the wider 400kV Wester Corridor project



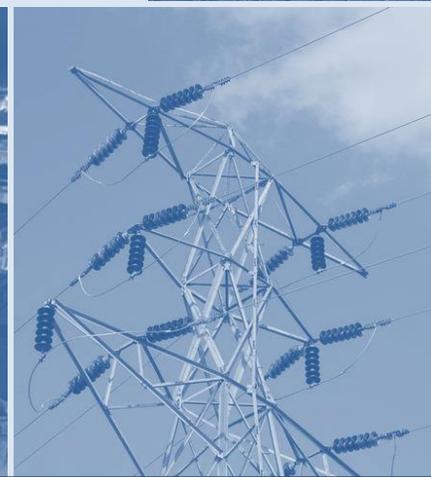
**63**  
Lei m

**Assets commissioned**  
Amounts transferred from construction-work-in-progress to fixed assets in 1H2021

- Selected items:
- 14 mil lei - Replacement of a transforming unit in Portile de Fier grid substation
  - 10 mil lei - Modernization of Bacau-Sud and Roman-Nord grid substations
  - 10 mil lei - Modernization of Ungheni grid substation



of which RAB: 51 Lei m



Thank you for your attention!



[Lei m]	1H2021 IFRS unaudited	1H2020 IFRS unaudited		2Q2021 IFRS unaudited	2Q2020 IFRS unaudited		1Q2021 IFRS unaudited	1Q2020 IFRS unaudited	
Billed volume [TWh]	28.28	26.26 ▲	7.7%	13.35	11.84 ▲	12.7%	14.93	14.41 ▲	3.6%
<b>Profit-allowed operations</b>									
<b>Operational revenues</b>	<b>635</b>	<b>581 ▲</b>	<b>9.3%</b>	<b>302</b>	<b>263 ▲</b>	<b>14.5%</b>	<b>333</b>	<b>317 ▲</b>	<b>5.0%</b>
Operational revenues   Transmission	612	507 ▲	20.7%	290	226 ▲	28.1%	323	281 ▲	14.8%
Operational revenues   Transmission   Regulated fee	579	470 ▲	23.2%	274	211 ▲	29.6%	306	259 ▲	18.0%
Operational revenues   Transmission   Cross-border rents	21	31 ▼	33.6%	10	13 ▼	22.5%	10	18 ▼	42.0%
Operational revenues   Transmission   Other	12	6 ▲	112.9%	6	2 ▲	256.7%	7	4 ▲	58.3%
Operational revenues   Dispatching	3	49 ▼	93.5%	3	23 ▼	86.2%	0	27 ▼	99.7%
Operational revenues   Dispatching   Regulated fee	0	48 ▼	-	0	22 ▼	-	0	27 ▼	-
Operational revenues   Dispatching   Unplanned cross-border flows	3	1 ▲	307.3%	3	1 ▲	329.3%	0	0 ▲	29.6%
Operational revenues   Other income	19	24 ▼	21.1%	9	15 ▼	40.0%	10	10 ▲	8.0%
<b>Operational costs</b>	<b>421</b>	<b>344 ▲</b>	<b>22.2%</b>	<b>210</b>	<b>168 ▲</b>	<b>25.1%</b>	<b>211</b>	<b>177 ▲</b>	<b>19.5%</b>
Operational costs   System operation	202	143 ▲	41.5%	93	62 ▲	51.7%	109	81 ▲	33.7%
Operational costs   System operation   Grid losses	176	113 ▲	55.3%	83	49 ▲	69.9%	93	65 ▲	44.4%
Operational costs   System operation   Congestion relief	0	0 ▲	-	0	0 -	-	0	0 ▲	-
Operational costs   System operation   Power consumption in grid substations	10	9 ▲	15.3%	4	5 ▼	10.7%	6	4 ▲	45.0%
Operational costs   System operation   Inter-TSO-Compensation	9	8 ▲	16.2%	4	2 ▲	81.1%	5	6 ▼	8.3%
Operational costs   System operation   Other	6	13 ▼	48.6%	3	6 ▼	57.2%	4	7 ▼	40.8%
Operational costs   Maintenance	37	37 ▲	0.6%	22	21 ▲	3.6%	15	16 ▼	3.3%
Operational costs   Personell	113	108 ▲	4.3%	64	56 ▲	13.4%	49	52 ▼	5.6%
Operational costs   Other	69	57 ▲	21.8%	31	29 ▲	6.5%	38	28 ▲	37.6%
<b>EBITDA</b>	<b>214</b>	<b>236 ▼</b>	<b>9.4%</b>	<b>92</b>	<b>96 ▼</b>	<b>3.9%</b>	<b>122</b>	<b>140 ▼</b>	<b>13.2%</b>
Operational costs   Depreciation and amortization	130	136 ▼	4.4%	66	68 ▼	2.1%	64	68 ▼	6.6%
<b>EBIT</b>	<b>84</b>	<b>100 ▼</b>	<b>16.3%</b>	<b>26</b>	<b>28 ▼</b>	<b>8.0%</b>	<b>58</b>	<b>72 ▼</b>	<b>19.6%</b>
<b>Pass-through operations</b>									
<b>Operational revenues</b>	<b>787</b>	<b>509 ▲</b>	<b>54.5%</b>	<b>394</b>	<b>224 ▲</b>	<b>76.0%</b>	<b>393</b>	<b>286 ▲</b>	<b>37.6%</b>
Operational revenues   System service	318	343 ▼	7.3%	145	155 ▼	6.5%	173	188 ▼	8.0%
Operational revenues   Balancing service	469	166 ▲	182.3%	249	69 ▲	262.7%	220	98 ▲	125.8%
<b>Operational costs</b>	<b>748</b>	<b>464 ▲</b>	<b>61.0%</b>	<b>392</b>	<b>201 ▲</b>	<b>95.4%</b>	<b>355</b>	<b>263 ▲</b>	<b>34.8%</b>
Operational costs   System service	291	298 ▼	2.3%	148	132 ▲	12.2%	143	166 ▼	13.8%
Operational costs   Balancing service	456	166 ▲	174.7%	244	69 ▲	255.9%	212	98 ▲	117.6%
<b>EBIT</b>	<b>39</b>	<b>45 ▼</b>	<b>12.7%</b>	<b>1</b>	<b>23 ▼</b>	<b>94.3%</b>	<b>38</b>	<b>22 ▲</b>	<b>70.9%</b>
<b>All operations (profit-allowed and pass-through)</b>									
Operational revenues	1,422	1,090 ▲	30.4%	695	487 ▲	42.8%	726	603 ▲	20.5%
Operational costs	1,168	809 ▲	44.5%	602	368 ▲	63.4%	567	440 ▲	28.7%
<b>EBITDA</b>	<b>253</b>	<b>281 ▼</b>	<b>9.9%</b>	<b>94</b>	<b>119 ▼</b>	<b>21.3%</b>	<b>160</b>	<b>162 ▼</b>	<b>1.7%</b>
Operational costs   Depreciation and amortization	130	136 ▼	4.4%	66	68 ▼	2.1%	64	68 ▼	6.6%
<b>EBIT</b>	<b>123</b>	<b>145 ▼</b>	<b>15.2%</b>	<b>27</b>	<b>51 ▼</b>	<b>46.6%</b>	<b>96</b>	<b>94 ▲</b>	<b>1.9%</b>
Financial result	-2	-2 ▲	2.8%	0	0 ▼	47.7%	-1	-2 ▲	13.0%
<b>EBT</b>	<b>121</b>	<b>143 ▼</b>	<b>15.3%</b>	<b>27</b>	<b>51 ▼</b>	<b>47.1%</b>	<b>94</b>	<b>92 ▲</b>	<b>2.1%</b>
Income tax	-17	-28 ▲	39.1%	-4	-12 ▲	64.4%	-12	-15 ▲	18.3%
<b>Net Income</b>	<b>104</b>	<b>116 ▼</b>	<b>9.6%</b>	<b>22</b>	<b>38 ▼</b>	<b>41.5%</b>	<b>82</b>	<b>77 ▲</b>	<b>6.2%</b>

**TRANSELECTRICA S.A.****Web:****[www.transelectrica.ro](http://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](mailto: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**



WE LEAD THE POWER

[WWW.TRANSELECTRICA.RO](http://WWW.TRANSELECTRICA.RO)