Eesti Energia Unaudited Financial Results for Q1 2013

30 April 2013
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Positive Revenue and Cash Flow Performance

**Revenues**
- Q1 2011: 237.0 m€
- Q1 2012: 235.8 m€ (Increase of +22.6%)
- Q1 2013: 289.1 m€

**EBITDA**
- Q1 2011: 66.6 m€
- Q1 2012: 82.4 m€ (Decrease of -11.2%)
- Q1 2013: 73.1 m€

**Operating Cash Flow**
- Q1 2011: 104.9 m€
- Q1 2012: 59.0 m€ (Increase of +15.9%)
- Q1 2013: 68.4 m€

**Investments**
- Q1 2011: 95.4 m€
- Q1 2012: 128.8 m€ (Decrease of -42.4%)
- Q1 2013: 74.1 m€
Production and Sales in Q1

**Distribution Network**
- 1,869 GWh of distribution network services sold to clients

**Electricity**
- 1,923 GWh sold in retail market
- 3,454 GWh of electricity sold
- 49 GWh of renewable electricity produced, 655 GWh of electricity purchased
- 3,025 GWh of non-renewable electricity produced

**Shale oil**
- 4.7 m tonnes used in electricity and shale oil production
- 54 th tonnes of shale oil produced
- 51 th tonnes of shale oil sold to clients

**Oil shale mined**
- 4.3 m tonnes
- 4.3 m tonnes
Estonian and Finnish Prices Equal for 72% of Hours

- Average price in Nord Pool Estonia price area 42.4 €/MWh (+0.05% y-o-y), in the Finnish price area 42.1 €/MWh (-0.9% y-o-y)
- Clean Dark Spread (excl. oil shale and CO₂ costs) 2.8 €/MWh higher than in Q1 2012 due to lower CO₂ price (-40% y-o-y)
- Hourly price in Estonian price area was equal to Finnish price for 72% of hours and above the latter for 16% of hours

Spread Between NP Estonia and Finland (% of total hours)

Quarterly Power Price and Spread Dynamics
Fuel Oil Price Decreased by 12% Y-o-Y

- Average price of Brent Crude 86.1 €/bbl (-5.1 €/bbl, -5.6% y-o-y)
- Average price of heavy fuel oil, the reference product, 478.2 €/tonne (-62.5 €/tonne, -11.6% y-o-y)
- Fuel oil vs Brent crack spread widened by 4.0 €/bbl to -8.1 €/bbl, compared to Q1 2012
Group Revenues +23% y-o-y

Revenues change and breakdown:
- Revenues Q1 2012: 236 m€
- Electricity: +60 m€
- Distribution: +7 m€
- Shale oil: +2 m€
- Other: (16) m€
- Revenues Q1 2013: 289 m€

EBITDA change and breakdown:
- EBITDA Q1 2012: 82 m€
- Electricity: +1 m€
- Distribution: +2 m€
- Shale oil: (3) m€
- Other: (9) m€
- EBITDA Q1 2013: 73 m€

EBITDA and Revenues:
- EBITDA: +23% year-over-year

Graphical representation:
- Green: Electricity
- Dark Green: Distribution
- Orange: Shale oil
- Blue: Other
Electricity Revenues

Average Electricity Sales Price*

- Average sales price excl. power cable revenues and financial hedges 44.3 €/MWh (-3.8 €/MWh, -8% y-o-y)
  - Underwater power cable revenues €0.8m (-€0.9m, -54% y-o-y), +0.2 €/MWh
  - Financial hedges €2.8m (+€1.2m y-o-y, +79%), +0.8 €/MWh

Electricity Revenues

- Renewable energy subsidies
- Sales revenues*
- Regulated market revenues
- Other revenues

Electricity Sales Volume

- Sales on power exchanges and to wholesale buyers
- Retail sales
- Sales in regulated market
31% Market Share in the Baltic Market

Eesti Energia Market Share in Baltic Countries

Estonia
-14.5pp*
71%

Latvia
+5.5pp*
30%
13%

Lithuania
+4.7pp*
34%
8%

The Baltics
-0.8pp*
22%
31%

* change compared to Q1 2012

Eesti Energia
Others
Regulated market
Sales volume of electricity increased by 37.4% (940 GWh)

Variable profit increased by €9.8m as the increase in variable costs (+€45.3m) was offset by the increase in revenues (+€55.2m)

- CO₂ emission costs increased by €32.4m

Fixed costs increased €8.8m, €6.8m of this was due to inventory drawdown

Electricity product characteristics and return on fixed assets

<table>
<thead>
<tr>
<th>Q1 2012</th>
<th>Q1 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on fixed assets (%)</td>
<td>17.7</td>
</tr>
<tr>
<td>Electricity EBITDA (€/MWh sold)</td>
<td>11.3</td>
</tr>
</tbody>
</table>
Sales volume remained broadly unchanged, as negative impact on sales volume due to changes in consumer habits related to electricity price increase was compensated by lower network losses.

- Average network losses of Q1 2013 at 122 GWh, 5.9% (-2 percentage points y-o-y)
- Distribution tariff increased in August 2012 due to TSO (Elering) price increase (+1.6 €/MWh)
- Starting from 1 January 2013, distribution network purchases electricity to cover losses from Nord Pool Spot power exchange (+0.9 €/MWh)
Total margin impact on profitability was positive since revenues grew (+€6.5m) while transmission costs and expenses for network losses increased by (+€2.8m) and (+€2.4m), respectively.

Fixed expenses decreased €0.5m, mainly due to the lower volume of planned and unplanned maintenance (-€1.2m).

Sales volume of distribution services decreased by 0.5% (-10 GWh)

Distribution product characteristics and return on fixed assets

<table>
<thead>
<tr>
<th></th>
<th>Q1 2012</th>
<th>Q1 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution losses (GWh)</td>
<td>167</td>
<td>122</td>
</tr>
<tr>
<td>Return on fixed assets (%)</td>
<td>5.1</td>
<td>6.8</td>
</tr>
<tr>
<td>SAIFI</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>SAIDI (planned+unplanned)</td>
<td>46.5</td>
<td>35.7</td>
</tr>
<tr>
<td>Adjusted RAB* (m€)</td>
<td>552.2</td>
<td>587.7</td>
</tr>
</tbody>
</table>

* RAB (regulated asset base) allocated to distribution product
Liquid Fuels Revenues

- Liquid fuels production in Q1 2013 54 th tonnes (-4.7 th tonnes, -8% y-o-y)
- Financial hedges -€0.3m (+€4.4m, -94% y-o-y), -5.6 €/t
- Q2-Q4 2013 sales hedged against price risk amounted to 102 th tonnes with an average price of 456 €/t
Liquid Fuels EBITDA

Revenues increased by (+€2.4m) while variable costs increased by (+€1.9m). Increase in variable costs is mainly due to:
- CO₂ emission costs (€0.9m),
- oil shale costs, (+€0.5m) and
- drawdown of inventory, (+€0.6m)

Sales volume increase by 0.6% (283 tonnes)

Fixed costs have increased due to the completion of Enefit280 oil plant and increase in maintenance expenses. Labour and maintenance expenses increased by €0.5m and €0.3m, respectively.

Revaluations of shale oil derivative instruments (-€2.7m) due to an increase in fuel oil market prices in Q1 2013

Liquid fuels product characteristics and return on fixed assets

<table>
<thead>
<tr>
<th></th>
<th>Q1 2012</th>
<th>Q1 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on fixed assets (%)</td>
<td>36.6</td>
<td>28.3</td>
</tr>
<tr>
<td>Shale oil EBITDA (€/tonne)</td>
<td>202.8</td>
<td>134.5</td>
</tr>
</tbody>
</table>
Other Revenues and Profitability

• Sales of electrical equipment and repair and construction services decreased €3.5m, mainly due to the completion of Enefit280 construction works.

• Reduction in oil shale revenues (-€2.2m) mainly due to 36% decrease in sales volume.

• Increase in heat revenues (+€1.1m) mainly due to 12% increase in sales volume.

• €13.6m in revenues from sale of telecommunication subsidiary in Q1 2012.

• Other revenues decreased mainly due to sale of Televõrk (-€1.9m) and sales of non-current assets (+€3.6m).
€68m Cash Flow from Operations in Q1 2013
Cash From Operations 16% Higher y-o-y

Operating Cash Flow Changes

<table>
<thead>
<tr>
<th>Category</th>
<th>Change in m€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow Q1 2012</td>
<td>+59</td>
</tr>
<tr>
<td>Change in EBITDA</td>
<td>-9</td>
</tr>
<tr>
<td>Sale of property</td>
<td>-4</td>
</tr>
<tr>
<td>Sale of subsidiary</td>
<td>+14</td>
</tr>
<tr>
<td>Change in trade receivables</td>
<td>+2</td>
</tr>
<tr>
<td>Change in inventories</td>
<td>+12</td>
</tr>
<tr>
<td>CO2 impact</td>
<td>-6</td>
</tr>
<tr>
<td>Operating cash flow Q1 2013</td>
<td>+68</td>
</tr>
</tbody>
</table>
Capital Expenditure €74m in Q1 2013

Capex Breakdown in Q1 2013

- Electricity: 35 m€
- Distribution: 20 m€
- Shale oil: 10 m€
- Other: 9 m€
- Total: 74 m€ (-42.4%)

Committed Investments

- 2012: 513 m€
- 2012E: 427 m€
- 2013E: 335 m€
- 2014E: 208 m€
Several Projects Close to Completion in 2013

- **300 MW power plant in Auvera**: 292 m€ (Until Q1 2013), 346 m€ (Future investments), Project deadline 2016
- **Distribution network***: 156 m€, 144 m€ (Future investments), Project deadline 2014
- **Enfit280 oil plant****: 225 m€, Project deadline 2013
- **Desulphurisation equipment**: 108 m€, 117 m€, Project deadline 2013
- **Iru waste-to-energy unit**: 76 m€, 29 m€, Project deadline 2013
- **International projects**: 44 m€, 57 m€, Project deadline Development up to 2016

*From the beginning of the new regulation period on 1 August 2011
**Hot commissioning of Enfit280 oil plant ongoing

Until Q1 2013  Future investments
€557m of Liquidity Available in Q1 2013

- €557m of liquidity and unused loans available as of 31 March 2013, in which:
  - €162m of liquid assets
  - €395m of unused credit lines
- €100m reduction of unused credit lines in Q1 2013
- Positive cash flows in Q1 2013

Group’s Liquidity Development in Q1 2013

- Liquidity 12/31/2012: €152m
- Operating cash flow: +€68m
- Investment cash flow*: (-€58m)
- Financing cash flow: (€0m)
- Liquidity 03/31/2013: €162m

* excl. deposits and other financial assets
Sufficient Financial Headroom

Credit ratings:
- Baa1 (Moody's), negative outlook
- BBB+ (S&P), stable outlook
- Total debts €732.7m as of 31 March 2013
- Long-term maturity profile with bond maturities in 2018 and 2020

Debt Maturity

<table>
<thead>
<tr>
<th>Year</th>
<th>m€</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1</td>
</tr>
<tr>
<td>2014</td>
<td>1</td>
</tr>
<tr>
<td>2015</td>
<td>14</td>
</tr>
<tr>
<td>2016</td>
<td>14</td>
</tr>
<tr>
<td>2017</td>
<td>1</td>
</tr>
<tr>
<td>2018</td>
<td>314</td>
</tr>
<tr>
<td>2019</td>
<td>312</td>
</tr>
<tr>
<td>2020</td>
<td>300</td>
</tr>
<tr>
<td>2021</td>
<td>300</td>
</tr>
<tr>
<td>2022</td>
<td>300</td>
</tr>
<tr>
<td>2023</td>
<td>300</td>
</tr>
<tr>
<td>2024</td>
<td>300</td>
</tr>
<tr>
<td>2025</td>
<td>300</td>
</tr>
<tr>
<td>2026</td>
<td>300</td>
</tr>
</tbody>
</table>

Financial Leverage

- Financial leverage = net debt / (net debt + equity)

Net debt = debt obligations less cash and cash equivalents, units in money market funds, investments into fixed income bonds

EBITDA = rolling 12 months
Outlook for FY2013

Revenue Outlook

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1 Revenues (m€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>868</td>
</tr>
<tr>
<td>2013</td>
<td>289</td>
</tr>
</tbody>
</table>

Growth

Revenue and EBITDA outlook changes:

- Higher expected power generation
- Expected oil production reduced due to Enefit280 delay

EBITDA Outlook

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1 EBITDA (m€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>278</td>
</tr>
<tr>
<td>2013</td>
<td>73</td>
</tr>
</tbody>
</table>

Growth
Summary

• Q1 2013 revenues 289 million euros, +23% y-o-y
  • Higher volume of electricity sales, +37% y-o-y
  • Average electricity price +22% y-o-y
• EBITDA 73 million euros (-11%):  
  – Sale of subsidiary in Q1 2012 affecting comparability  
  – Electricity profitability increased due to increase in sales volume  
  – Higher network services sales margin
• Cash flows positive in Q1 2013
• Investments in Q1 2013 reduced to 74 million euros, -42% y-o-y
APPENDICES
Commodity Markets *

Nord Pool Finland and Estonia Electricity Prices

CO₂ Emission Allowance

Brent Crude Oil

Fuel Oil 1% NWE

* Forward curves as of 28 March 2013, Electricity forward curves as of 27 March 2013
Closed positions as of 31 March 2013*

*Closed positions include forward contracts and exclude options
Profit and Loss Statement

<table>
<thead>
<tr>
<th>million euros</th>
<th>Q1 2013</th>
<th>Q1 2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>289.1</td>
<td>235.8</td>
<td>22.6%</td>
</tr>
<tr>
<td>Expenses (excl. depreciation)</td>
<td>216.0</td>
<td>153.5</td>
<td>40.7%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>73.1</td>
<td>82.4</td>
<td>-11.2%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>28.9</td>
<td>25.9</td>
<td>11.4%</td>
</tr>
<tr>
<td>EBIT</td>
<td>44.2</td>
<td>56.5</td>
<td>-21.7%</td>
</tr>
<tr>
<td>Net financial income (-expenses)</td>
<td>-0.2</td>
<td>-0.4</td>
<td>-49.8%</td>
</tr>
<tr>
<td>Income tax</td>
<td>19.3</td>
<td>0.0</td>
<td>-</td>
</tr>
<tr>
<td>Net profit</td>
<td>24.7</td>
<td>56.1</td>
<td>-55.9%</td>
</tr>
</tbody>
</table>
## Balance Sheet

<table>
<thead>
<tr>
<th>million euros</th>
<th>31 March 2013</th>
<th>31 December 2012</th>
<th>Change q-o-q</th>
<th>31 March 2012</th>
<th>Change y-o-y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total current assets incl.</td>
<td>412.6</td>
<td>395.5</td>
<td>17.1</td>
<td>228.0</td>
<td>184.6</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>128.7</td>
<td>60.1</td>
<td>68.6</td>
<td>11.8</td>
<td>116.9</td>
</tr>
<tr>
<td>Deposits with maturity of more than 3 months</td>
<td>33.0</td>
<td>90.0</td>
<td>-57.0</td>
<td>0.0</td>
<td>33.0</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>116.6</td>
<td>112.2</td>
<td>4.4</td>
<td>107.5</td>
<td>9.1</td>
</tr>
<tr>
<td>Inventories</td>
<td>42.1</td>
<td>48.3</td>
<td>-6.2</td>
<td>43.8</td>
<td>-1.7</td>
</tr>
<tr>
<td>Other</td>
<td>92.2</td>
<td>84.9</td>
<td>7.3</td>
<td>65.0</td>
<td>27.2</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>2,156.3</td>
<td>2,101.9</td>
<td>54.5</td>
<td>1,874.8</td>
<td>281.5</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>2,568.9</strong></td>
<td><strong>2,497.4</strong></td>
<td><strong>71.5</strong></td>
<td><strong>2,102.8</strong></td>
<td><strong>466.1</strong></td>
</tr>
<tr>
<td>Total liabilities, incl.</td>
<td>1,217.1</td>
<td>1,088.2</td>
<td>128.9</td>
<td>819.4</td>
<td>397.7</td>
</tr>
<tr>
<td>Trade payables</td>
<td>88.3</td>
<td>110.6</td>
<td>-22.3</td>
<td>98.6</td>
<td>-10.3</td>
</tr>
<tr>
<td>Other</td>
<td>346.0</td>
<td>232.0</td>
<td>114.1</td>
<td>243.7</td>
<td>102.3</td>
</tr>
<tr>
<td>Borrowings</td>
<td>732.7</td>
<td>732.7</td>
<td>0.0</td>
<td>460.7</td>
<td>272.0</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>1.4</td>
<td>1.4</td>
<td>-0.0</td>
<td>26.4</td>
<td>-25.1</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>731.3</td>
<td>731.3</td>
<td>0.0</td>
<td>434.3</td>
<td>297.0</td>
</tr>
<tr>
<td>Provisions</td>
<td>50.1</td>
<td>12.9</td>
<td>37.1</td>
<td>16.3</td>
<td>33.8</td>
</tr>
<tr>
<td>Equity</td>
<td>1,351.8</td>
<td>1,409.2</td>
<td>-57.4</td>
<td>1,283.4</td>
<td>68.4</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td><strong>2,568.9</strong></td>
<td><strong>2,497.4</strong></td>
<td><strong>71.5</strong></td>
<td><strong>2,102.8</strong></td>
<td><strong>466.1</strong></td>
</tr>
<tr>
<td>million euros</td>
<td>Q1 2013</td>
<td>Q1 2012</td>
<td>Change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>68.4</td>
<td>59.0</td>
<td>15.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of fixed assets</td>
<td>-86.5</td>
<td>-145.4</td>
<td>-40.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sales of fixed assets</td>
<td>12.5</td>
<td>0.8</td>
<td>15.9x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in deposits with maturities greater than 3 months</td>
<td>57.0</td>
<td></td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from sale of business</td>
<td></td>
<td>22.1</td>
<td>-100.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recieved bank loans</td>
<td>0.4</td>
<td>26.3</td>
<td>-98.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of bank loans</td>
<td>-0.7</td>
<td>-0.7</td>
<td>-5.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other adjustments</td>
<td>17.5</td>
<td>8.9</td>
<td>97.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash flows</strong></td>
<td><strong>68.6</strong></td>
<td><strong>-29.1</strong></td>
<td><strong>-336.2%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>