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Positive Revenue and Cash Flow Performance

Revenues

Operating cash flow

Investments

EBIT
Nord Pool Estonia Price 7% Higher than in Finland

- Average price in Nord Pool Estonia price area 39.2 €/MWh (-9.6% y-o-y), in the Finnish price area 36.6 €/MWh (-25.7% y-o-y)
- Clean Dark Spread (excl. oil shale and CO₂ costs) 1.2 €/MWh higher than in 2011 due to lower CO₂ price (-44% y-o-y)
- Hourly price in Estonian price area was equal to Finnish price for 62% of hours and above the latter for 32% of hours

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

Yearly Power Price and Spread Dynamics

<table>
<thead>
<tr>
<th>Year</th>
<th>Spread Between NP Estonia and Finland</th>
<th>Average Price</th>
<th>Clean Dark Spread</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010*</td>
<td>Estonia &gt; Finland 48%</td>
<td>51 €/MWh</td>
<td>28 €/MWh</td>
</tr>
<tr>
<td>2011</td>
<td>Estonia = Finland 45%</td>
<td>43 €/MWh</td>
<td>20 €/MWh</td>
</tr>
<tr>
<td>2012</td>
<td>Estonia &lt; Finland 6%</td>
<td>39 €/MWh</td>
<td>21 €/MWh</td>
</tr>
</tbody>
</table>

* Estonian electricity market opened in 1 April 2010
Revenue Growth from Sales of Network Services and Liquid Fuels

Change of Group Revenues by Products

Revenue Breakdown 2012
Electricity Market Opening in 2013

As at the end of the financial year, Eesti Energia had concluded over 408 thousand open market electricity contracts, covering over 58% of all Estonian connection points.

Distribution Network or its designated seller is obliged to supply consumers who have not chosen electricity supplier on average monthly NordPool Estonia spot price plus reasonable sales margin.
Higher Retail Sales in the Baltics

### Electricity Sales Volume at Unregulated Prices

<table>
<thead>
<tr>
<th>Year</th>
<th>GWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>5,234</td>
</tr>
<tr>
<td>2012</td>
<td>4,378</td>
</tr>
</tbody>
</table>

- Sales on power exchanges and to wholesale buyers (GWh)
- Retail sales (GWh)

### Electricity Sales Revenues* at Unregulated Prices

<table>
<thead>
<tr>
<th>Year</th>
<th>m€</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>272</td>
</tr>
<tr>
<td>2012</td>
<td>245</td>
</tr>
</tbody>
</table>

- Renewable energy subsidies (m€)
- Revenues* (m€)
- * excl. renewable energy subsidies

### Average Electricity Sales Price in the Unregulated Market*

<table>
<thead>
<tr>
<th>Year</th>
<th>€/MWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>48.0</td>
</tr>
<tr>
<td>2012</td>
<td>50.2</td>
</tr>
</tbody>
</table>

- Average sales price excl. power cable revenues and financial hedges 45.6 €/MWh (+0.01 €/MWh, +0.02% y-o-y)
  - Underwater power cable revenues €9.2m (-€6.5m, -41% y-o-y), +2.1 €/MWh
  - Financial hedges €11.0m (+€14m y-o-y), +2.5 €/MWh

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**Market Share in the Baltic Countries**

- **Estonia**: +2.1pp* (74%)
- **Latvia**: +5.4pp* (26%)
- **Lithuania**: +0.1pp* (9%)
- **The Baltics**: +0.2pp* (24%)

* change compared to previous financial year
Revenue Growth from Higher Network Tariff

- Average network losses of 2012 at 423 GWh, 6.0% (+0.2pp y-o-y)
- Network tariff increased on 1 August 2011
Oil Sales at All Time High

- Record high liquid fuels production in 2012 (211 th tonnes) due to higher reliability (82.5%)
- Average sales price excluding price hedges 480.5 €/t (+15.1%, +62.9 €/t)
- Average price of heavy fuel oil, the reference product, 515.7 €/t
- 2013 sales hedged against price risk amounted to 126 th tonnes with an average price of 452 €/t
Other Revenues Mainly Impacted by the Completion of Enefit280 Oil Plant

- Sales of electrical equipment and repair and construction services decreased due to the completion of Enefit280 construction works (-22.4 million euros)
- Decline in revenues from fewer subsidiary sales in 2012 and ceasing of telecommunication service provision (-14.8 million euros)
- Reduction in sales of oil shale (-4.1 million euros) due to lower mining volume
- Other revenues growth mostly due to sale of CO₂ allowances (+19.7 million euros)
Distribution Network Supporting Group’s Profitability

**EBIT Change Breakdown by Divisions**

- **EBIT 2011**: 168 m€
- **Retail**: +18 m€
- **Distribution network**: +17 m€
- **Fuels**: (28) m€
- **Electricity and heat generation**: (11) m€
- **Other and elimination**: (1) m€
- **EBIT 2012 excl. Impairment**: 163 m€
- **EBIT 2012**: (63) m€
- **Impairment adjustments**: 100 m€

**EBIT Divisional breakdown 2012**

- **Electricity and heat generation**: 45 m€
- **Distribution network**: 14 m€
- **Fuels**: 43 m€
- **Retail**: 69 m€

Total: €170m

* excl. other and impairments
## Retail Profitability – Higher Electricity Sales Margin

### Retail Division’s Revenues

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Sales (GWh)</td>
<td>7,778</td>
<td>8,238</td>
</tr>
<tr>
<td>Sales in unregulated market (GWh)</td>
<td>2,362</td>
<td>2,621</td>
</tr>
<tr>
<td>Sales in regulated market (GWh)</td>
<td>5,416</td>
<td>5,617</td>
</tr>
</tbody>
</table>

### Retail Division’s Opex

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
</table>

### Retail Division’s EBIT

- +12.1 million euros due to increase in electricity sales margin
- +9.3 million euros revenue from the sale of telecommunication subsidiary
- +1.4 million euros due to increase in electricity sales volume
- –5.1 million euros due to higher fixed costs

![Retail Division’s Revenues Chart](image)

![Retail Division’s Opex Chart](image)

![Retail Division’s EBIT Chart](image)
Distribution Network’s Return on RAB
7.8%

Distribution Network’s Revenues

- +20.6 million euros due to higher network services sales margin
- +3.6 million euros due to increase in network service sales volume
- –3.2 million euros due to higher depreciation
- –2.1 million euros due to higher fixed costs
- –1.4 million euros due to higher repair expenses

Distribution Network’s Opex

Distribution Network’s EBIT

2011 | 2012
--- | ---
Electricity distributed (GWh) | 6,419 | 6,604
Return on RAB | 5.1% | 7.8%
Lower Margins Reducing Generation Profitability

Electricity and Heat Generation Division’s Revenues

- +18.3 million euros due to lower discounts of CO₂ emission allowances
- +9.3 million euros due to lower repair expenses
- +7.1 million euros due to lower environment protection provisions

Electricity and Heat Generation Division’s Opex*

- -63.3 million euros due to impairment of generating assets
- -27.9 million euros due to lower electricity sales margin
- -12.5 million euros due to higher depreciation
- -7.5 million euros due to lower electricity sales volume

Electricity and Heat Generation Division’s EBIT

- 40% of operating profit (excl. impairment)

<table>
<thead>
<tr>
<th>Generation Division</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity sales (GWh)</td>
<td>11,138</td>
<td>10,635</td>
</tr>
<tr>
<td>Electricity generation (GWh)</td>
<td>10,428</td>
<td>9,377</td>
</tr>
<tr>
<td>Electricity purchase (GWh)</td>
<td>722</td>
<td>1,272</td>
</tr>
<tr>
<td>Heat sales (GWh)</td>
<td>1,177</td>
<td>1,031</td>
</tr>
</tbody>
</table>
Lower non-recurring Revenues in Fuels Division

Fuels Division’s Revenues

- +7.9 million euros due to higher liquid fuels sales volume
- +5.2 million euros due to higher liquid fuels sales margin
- -16.2 million euros due to decrease of non-recurring revenues
- -15.1 million euros due to lower profitability of oil shale mining
- -5.0 million euros due to lower profitability of Technology Industry subsidiary
- -4.1 million euros due to higher depreciation

Fuels Division’s Opex

Fuels Division’s EBIT
Lower Sales Volume Weighs on Mining Subsidiary’s EBIT

Mining Subsidiary’s Revenues

- 2011: 214 million euros
- 2012: 205 million euros
- Decrease: 4.4%

Mining Subsidiary’s Opex

- 2011: 197 million euros
- 2012: 203 million euros
- Increase: 2.9%

Mining Subsidiary’s EBIT

- 2011: 17 million euros
- 2012: 2 million euros
- Decrease: 86.5%

Mining Subsidiary 2011 2012

| Sales of oil shale (million tonnes) | 18.0 | 16.2 |
| External sales of oil shale (million tonnes) | 2.1 | 1.4 |

- –10.2 million euros due to lower sales volume
- –3.8 million euros due to lower sales margin
Group’s Profitability Improved by Distribution Network and Oil Sales

Impact on Group’s Profitability

- Operating profit 2011: 168 m€
- Higher profitability of network services: +24 m€
- Discounts of CO2 emission allowances and revaluation of hedging instruments: +15 m€
- Higher profitability of liquid fuels sales: +13 m€
- Decrease of electricity sales volume: (10) m€
- Higher depreciation: (19) m€
- Lower profitability of electricity sales: (29) m€
- Other: +1 m€
- Operating profit excl. impairment adjustments: 163 m€
- Impairment adjustments: (63) m€
- Operating profit 2012: 100 m€
€185m Cash Flow from Operations in 2012
Cash From Operations 14% Higher y-o-y
Capital Expenditure Peaked in 2012

Capex Breakdown in 2012

- Electricity network: 100 m€
- Oil plant: 54 m€
- Iru: 31 m€
- Wind parks: 18 m€
- DeSoX: 16 m€
- Other: 51 m€
- Base investments: 36 m€
- Auvere power plant: 208 m€

Total Capex: 513 m€

Confirmed Investments

- 2011: 508 m€
- 2012: 513 m€
- 2013E: 438 m€
- 2014-15E: 563 m€
Several Projects Close to Completion

- **300 MW power plant in Auvere**: €278m (2016), €360m (2016)
- **Distribution network**: €140m (2016), €160m (2016)
- **Enefit280 oil plant**: €222m (2012)
- **Desulphurisation equipment**: €108m (2013), €117m (2013)
- **Iru waste-to-energy unit**: €66m (2013), €39m (2013)
- **International projects**: €43m (2012), €57m (2012)
- **Wind parks**: €82m (2012), €89m (2012)
- **Oil shale industry infrastructure**: €18m (2012), €25m (2012)

*From the beginning of the new regulation period on 1 August 2011*
Group’s Liquidity Development in 2012

- 647 million euros of liquidity and unused loans available as of 31 December 2012
- Issue of 300 million euro notes in April 2012
- 150 million euros of added share capital on 10 July 2012

Net debt* / EBITDA**

*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

EBITDA Outlook

Comment

- Revenue outlook changes:
  - ✓ Added production capacities (wind parks, Enefit280 oil plant and Iru WtE plant)
  - ✓ Opening of Estonian electricity market
- EBITDA outlook changes:
  - ✓ Increased production of liquid fuels
  - × Addition of full CO\textsubscript{2} expense
Summary

✓ 2012 revenues 868 million euros, +1% y-o-y
✓ EBITDA growth (+5%) including:
  – Higher network services sales margin
  – Higher profitability of oil sales
✓ Capital base enhanced by 150 million euros of equity and 300 million euros of new eurobond issue
✓ 2012 investments of €513m expected to reduce in 2013 as projects complete
✓ Record high production (211 th tonnes) of liquid fuels
✓ 2013 expected to bring higher revenues and EBITDA, with the extent depending on Enefit280 results in 2013
APPENDICES
Markets *

Nord Pool Finland and Estonia Electricity Prices

CO₂ Emission Allowance

Brent Crude Oil

Fuel Oil 1% NWE

* Forward curves as of 28 December 2012
Closed positions as of 31 Dec 2012*

*Closed positions include forward contracts and exclude options

**CO₂ necessary for generation is covered with free CO₂ allowances in addition to closed positions
Sufficient Financial Headroom

- Credit ratings:
  - Baa1 (Moody’s), negative outlook**
  - BBB+ (S&P), stable outlook
- Total debts 732.8 million euros as of 31 December 2012
- Long-term maturity profile with bond maturities in 2018 and 2020
- Sufficient liquidity buffer available

** Outlook change from stable to negative in January 2013
## Profit and Loss Statement

<table>
<thead>
<tr>
<th>million euros</th>
<th>2012</th>
<th>2011</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>868.5</td>
<td>857.5</td>
<td>1.3%</td>
</tr>
<tr>
<td><strong>Expenses</strong> (excl. depreciation)</td>
<td>590.0</td>
<td>592.4</td>
<td>-0.4%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>278.4</td>
<td>265.1</td>
<td>5.0%</td>
</tr>
<tr>
<td><strong>Depreciation (excl. impairment)</strong></td>
<td>115.0</td>
<td>95.6</td>
<td>20.3%</td>
</tr>
<tr>
<td>Impairment of power generation assets</td>
<td>63.3</td>
<td>1.5</td>
<td>42.2x</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>100.1</td>
<td>168.0</td>
<td>-40.4%</td>
</tr>
<tr>
<td><strong>Net financial income (-expenses)</strong></td>
<td>-5.2</td>
<td>-3.2</td>
<td>61.0%</td>
</tr>
<tr>
<td><strong>Income tax</strong></td>
<td>17.8</td>
<td>14.7</td>
<td>21.6%</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>76.9</td>
<td>149.2</td>
<td>-48.5%</td>
</tr>
</tbody>
</table>
### Balance Sheet

<table>
<thead>
<tr>
<th>million euros</th>
<th>31 December 2012</th>
<th>31 December 2011</th>
<th>Change y-o-y million euros</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total current assets incl.</td>
<td>395.5</td>
<td>253.5</td>
<td>142.0</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>60.1</td>
<td>40.9</td>
<td>19.2</td>
</tr>
<tr>
<td>Deposits with maturity of more than 3 months</td>
<td>90.0</td>
<td>0.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>112.2</td>
<td>102.2</td>
<td>10.0</td>
</tr>
<tr>
<td>Inventories</td>
<td>48.3</td>
<td>38.0</td>
<td>10.3</td>
</tr>
<tr>
<td>Other</td>
<td>84.9</td>
<td>72.4</td>
<td>12.5</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>2,101.9</td>
<td>1,779.8</td>
<td>322.1</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,497.4</td>
<td>2,033.3</td>
<td>464.0</td>
</tr>
<tr>
<td>Total liabilities, incl.</td>
<td>1,088.2</td>
<td>796.6</td>
<td>291.5</td>
</tr>
<tr>
<td>Trade payables</td>
<td>110.6</td>
<td>94.3</td>
<td>16.3</td>
</tr>
<tr>
<td>Other</td>
<td>232.0</td>
<td>251.7</td>
<td>19.7</td>
</tr>
<tr>
<td>Borrowings</td>
<td>732.7</td>
<td>436.2</td>
<td>296.5</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>1.4</td>
<td>1.5</td>
<td>0.1</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>731.3</td>
<td>434.7</td>
<td>296.6</td>
</tr>
<tr>
<td>Provisions</td>
<td>12.9</td>
<td>14.4</td>
<td>1.5</td>
</tr>
<tr>
<td>Equity</td>
<td>1,409.2</td>
<td>1,236.7</td>
<td>172.5</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>2,497.4</td>
<td>2,033.3</td>
<td>464.0</td>
</tr>
</tbody>
</table>
## Cash flows

<table>
<thead>
<tr>
<th>million euros</th>
<th>2012</th>
<th>2011</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operating activities</td>
<td>185.2</td>
<td>161.8</td>
<td>14.5%</td>
</tr>
<tr>
<td>Purchase of fixed assets</td>
<td>-499.4</td>
<td>-417.4</td>
<td>19.6%</td>
</tr>
<tr>
<td>Net change in deposits with maturities greater than 3 months</td>
<td>-90.0</td>
<td>181.4</td>
<td>-149.6%</td>
</tr>
<tr>
<td>Contribution to the share capital</td>
<td>150.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recieved bank loans</td>
<td>27.6</td>
<td>138.1</td>
<td>-80.0%</td>
</tr>
<tr>
<td>Repayment of bank loans</td>
<td>-26.5</td>
<td>-59.1</td>
<td>-55.2%</td>
</tr>
<tr>
<td>Proceeds from bonds issued</td>
<td>297.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend payment</td>
<td>-65.2</td>
<td>-56.1</td>
<td>16.3%</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>40.5</td>
<td>38.0</td>
<td>6.7%</td>
</tr>
<tr>
<td><strong>Net cash flows</strong></td>
<td>19.2</td>
<td>-13.3</td>
<td>-244.8%</td>
</tr>
</tbody>
</table>