



Eesti Energia audited financial results for 2020

8 April 2021

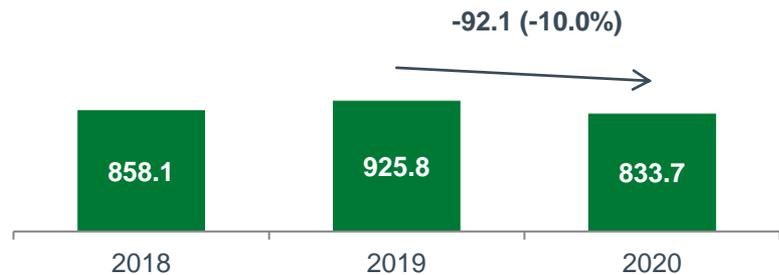
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Sales revenue and EBITDA decreased

Sales revenue

m€



EBITDA

m€



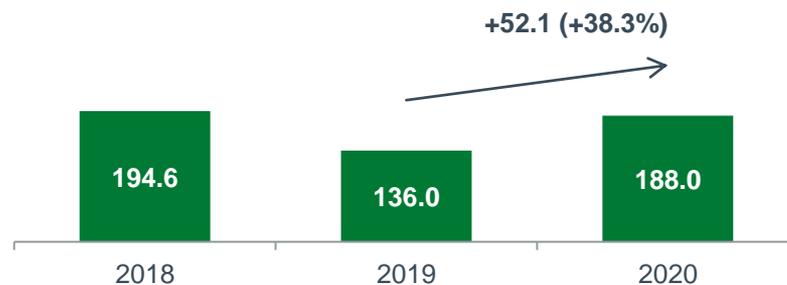
Operating cash flow

m€



Investments

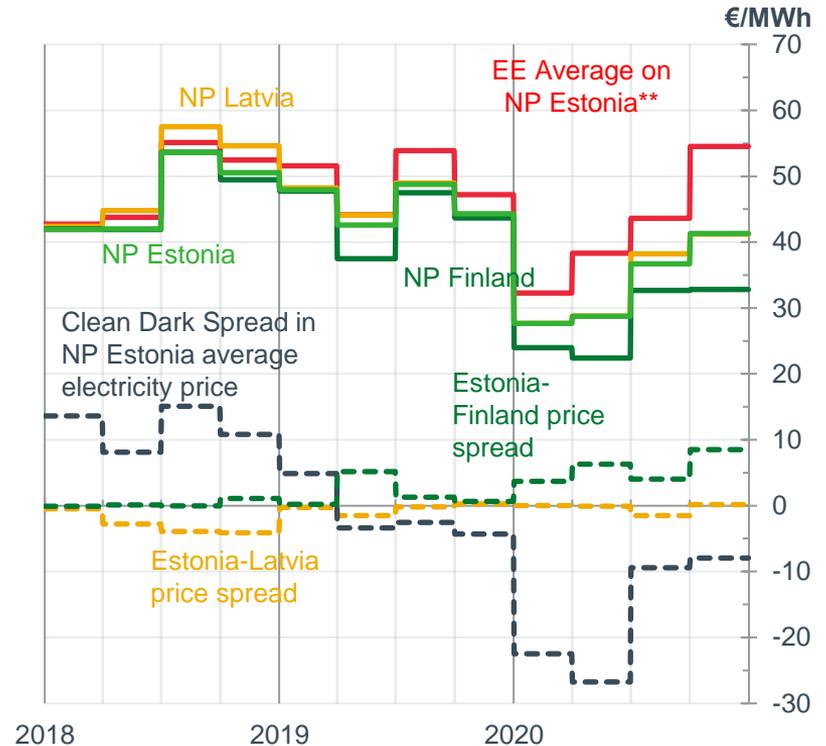
m€



Nord Pool Baltic electricity prices decreased

- In 2020 electricity prices in NP Baltic price areas decreased compared to 2019
- 2020 average price in NP Estonia price area was 33.7 €/MWh* (-12.2 €/MWh, -26.5%)
- Price spread between Estonia and Finland widened by 7.9 €/MWh to 8.5 €/MWh in 2020 Q4, average electricity price in Estonia was 5.7 €/MWh higher than in Finland
- Estonia-Latvia price spread narrowed by 0.1 €/MWh in 2020 Q4, average electricity price in Estonia was 0.4 €/MWh lower than in Latvia
- Clean Dark Spread in NP Estonia average electricity price decreased to -7.9 €/MWh (-3.6 €/MWh) in 2020 Q4. Decrease in NP Estonia average electricity price was -2.8 €/MWh. Impact of the cost of CO₂ was -1.0 €/MWh. Impact of the cost of oil shale equalled +0.2 €/MWh

Average quarterly Nord Pool electricity prices

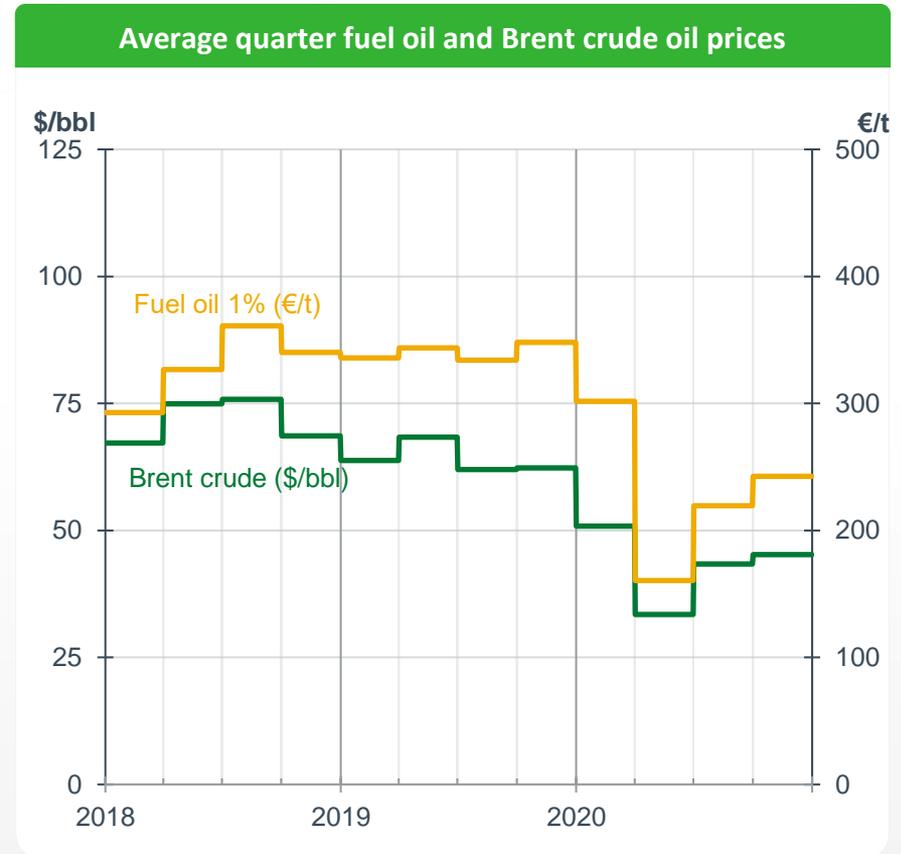


* average Nord Pool electricity market price. This price may differ compared with Eesti Energia's electricity sales prices achieved on wholesale market

** average electricity price achieved on Nord Pool Estonia electricity market by Enefit Power

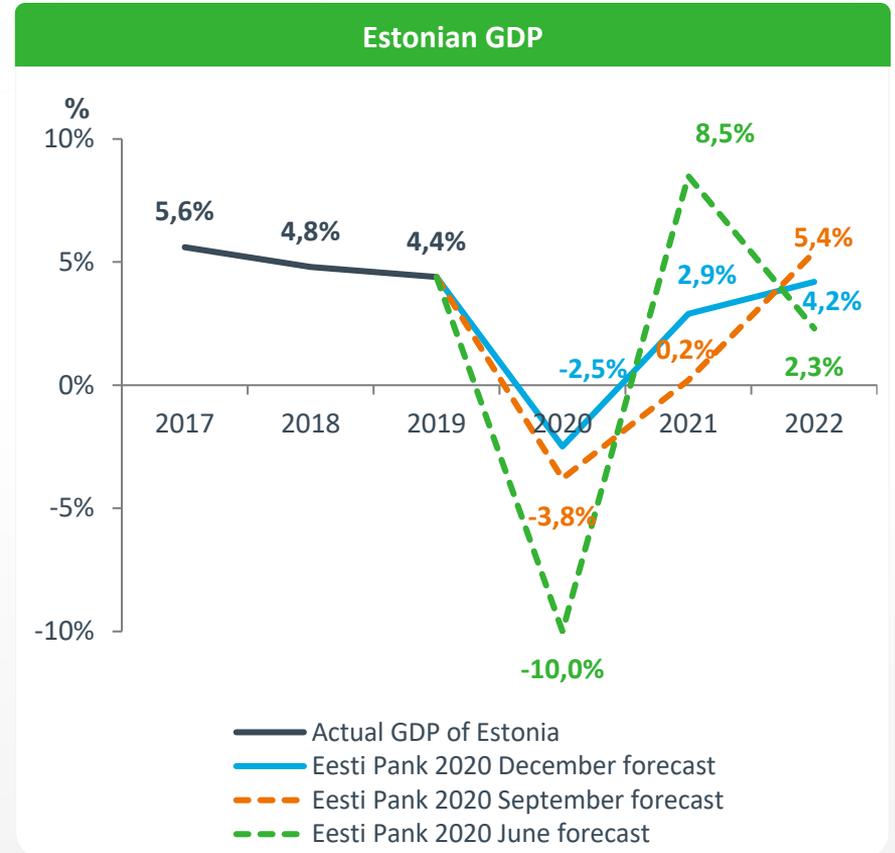
Prices of Brent crude oil and fuel oil decreased

- Average price of Brent crude oil in 2020 was 43.2 \$/bbl (-20.9 \$/bbl, -32.6%)
 - In the beginning of 2020 crude oil steep price decrease was attributed by price war between Saudi Arabia and Russia and the impact of the COVID-19 pandemic
 - In Q2 Saudi Arabia increased oil production volumes even more. The oversupply of oil coincided with the first wave of COVID-19, which triggered a negative demand shock, and the oil price turned negative for the first time in history. This is the largest price decrease since the financial crisis of 2008.
 - In the second half of 2020 OPEC+ reached an agreement on production cuts and oil prices recovered to 40 USD/bbl
 - In Q4 rise was underpinned by Saudi Arabia's decision to further restrict the volume of exports outlined in the OPEC+ agreement
- Average price of fuel oil (1% Sulphur content) in 2020 was 234.9 €/t (-112.8 €/t, -32.4%). The changes of oil product prices and fuel oil prices are comparable in 2020



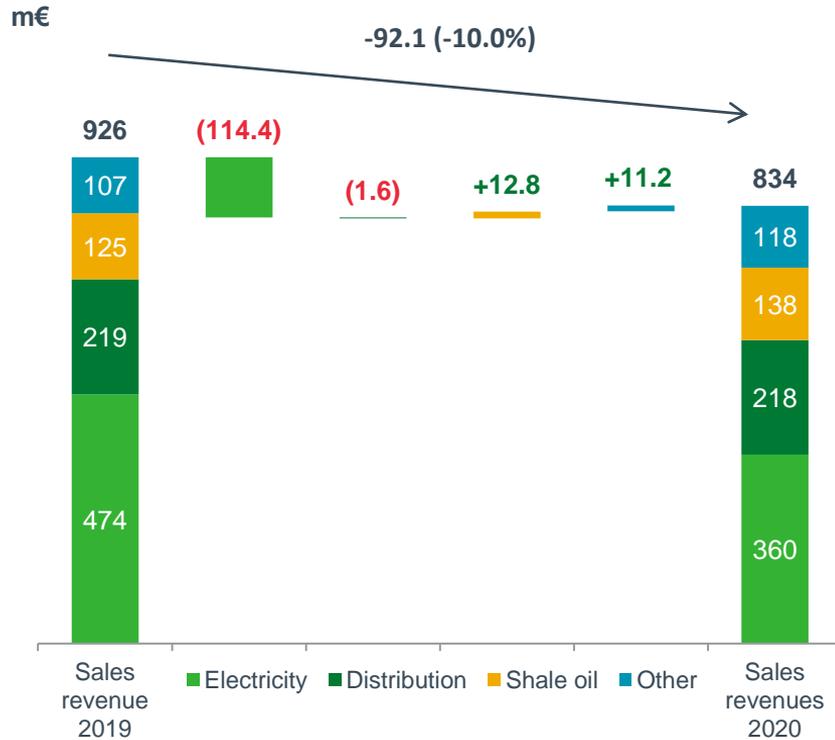
Impacts of the Covid-19 pandemic

- **Consumption volumes of network services** were expected to decrease by 5% in 2020 due to the emergency situation
 - 2020 actual figures show 3% YoY decline however most of the decline came in January (-10% YoY) due to warmer than usual weather
- **Electricity sales volumes** were expected to decrease up to 5% in 2020 depending on the country. **Gas sales volumes** were expected to decrease by ca 3%
 - 2020 actual figures show the expected trend for overall electricity sales. Gas sales have increased in all home markets due to better sales activity.
- **Customer payment behavior:** ca 15% of customers were expected to be unable to pay bills on time, or in need of a longer payment period, rescheduling
 - Currently overdue invoices are on the same level as before the Covid-19 pandemic, therefore no deterioration in customer payment behavior

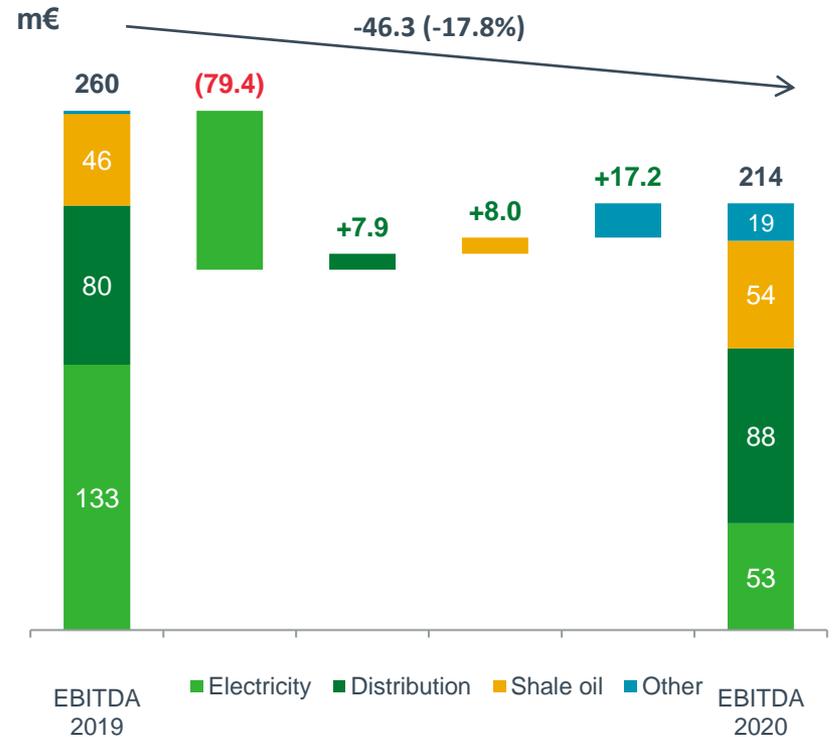


Group's sales revenues and EBITDA decreased

Sales revenue breakdown and Y-o-Y change



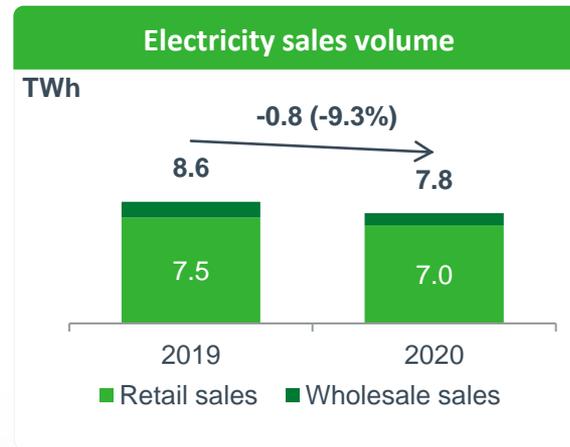
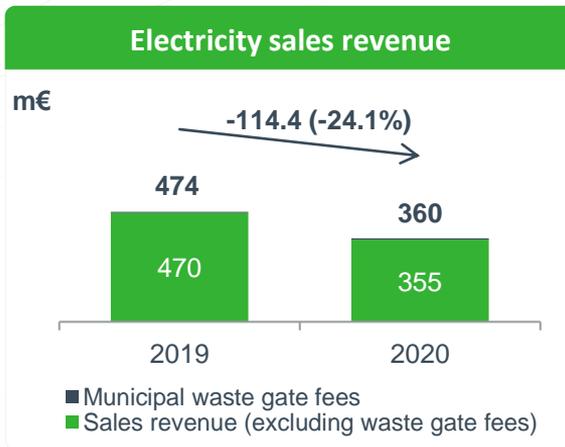
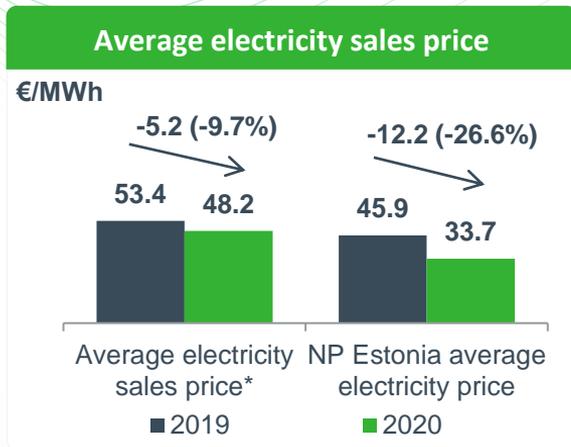
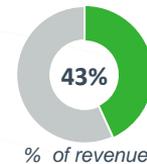
EBITDA breakdown and Y-o-Y change



Electricity

Eesti Energia Aulepa Wind Park, Läänemaa, Estonia

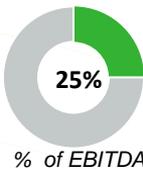
Electricity sales revenue decreased by 24%



- Average electricity sales price* decreased to 48.2 €/MWh (-5.2 €/MWh, -9.7%)
 - Gain on derivatives impacted price by -3.0 €/MWh (-3.9 €/MWh Y-o-Y ; in abs. terms -€23.3m, -€31.2m YoY)
 - Average electricity sales price incl. gain on derivatives decreased to 45.3 €/MWh (-9.1 €/MWh Y-o-Y, -16.7%)
- Electricity sales volume was 7.8 TWh (-0.8 TWh; -9.3%)
Wholesale electricity sales decreased by 267 GWh (-24%) and retail sales decreased by 537 GWh (-7%)
- Electricity generation amounted to 3.8 TWh (-1.7 TWh, -31.4%) due to low electricity prices and higher CO2 cost. Production of renewable electricity increased to 1.5 TWh (+0.2 TWh, +18.4%) due to larger production from biomass as well as better wind conditions
- For 2021 we have hedged power production against price risk externally in the amount of 0.1 TWh with an average price of 49.0 €/MWh
- For 2021 we have hedged electricity retail sales against price risk externally in the amount 2.2 TWh with an average price of 34.2 €/MWh
For 2022 we have hedged electricity retail sales against price risk externally in the amount 1.8 TWh with an average price of 33.5 €/MWh

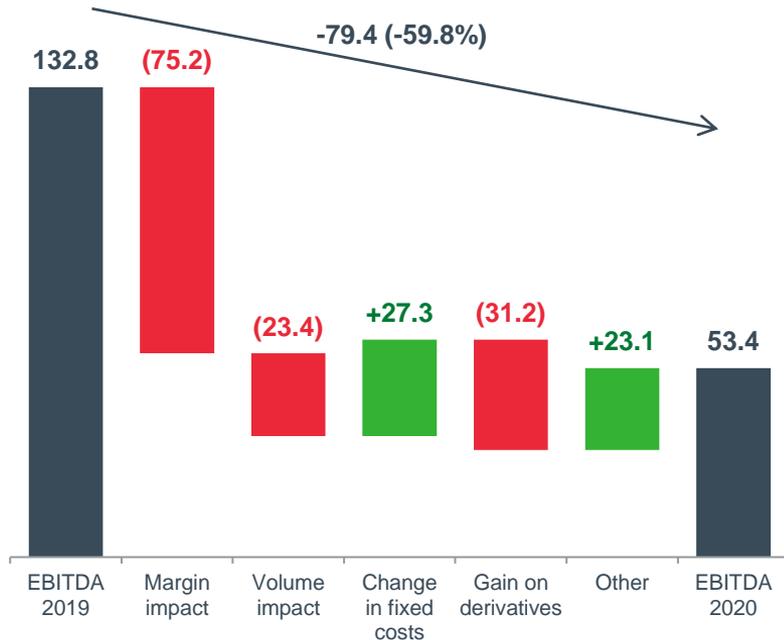
* total average sales price of electricity product (including retail sales ja wholesale sales). Average sales price excludes gain on derivatives and municipal waste gate fees

Electricity EBITDA decreased by 60%



Electricity EBITDA development

m€



- ✘ Total margin impact -€75.2m (-9.6 €/MWh). Lower sales price impact (incl. renewable subsidies) -4.5 €/MWh, total -€35.1m. Higher variable costs impact -5.1 €/MWh, total -€40.1m. 2019 margin included gains from sale of CO2 emission allowances as the Group liquidated its long positions due to low production
- ✘ Sales volume decreased by 9.3%, impact on EBITDA -€23.4m
- ✓ Fixed costs impacted EBITDA by +€27.3m, including +€21.5m from decreased payroll costs and +€4.3m from decreased maintenance costs
- ✘ Gain on derivatives impacted EBITDA by -€31.2m (gain on derivatives +€8.0m in 2019, -€23.3m in 2020)
- ✓ Other changes impacted EBITDA by +€23.1m, mainly related to change in value of derivative instruments

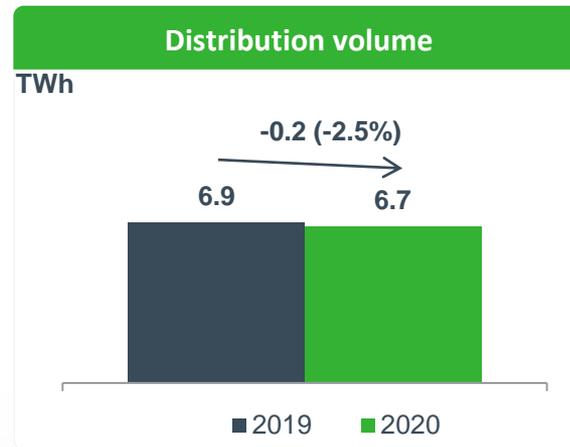
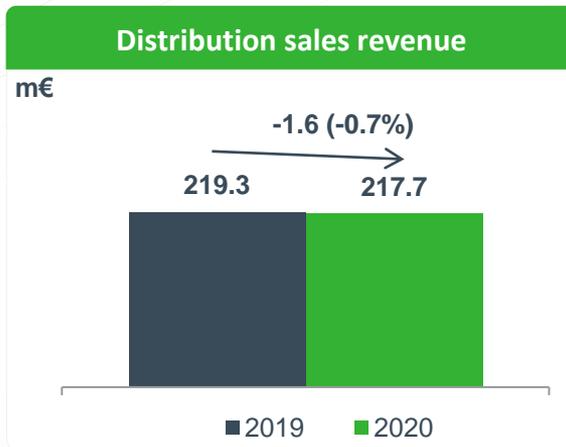
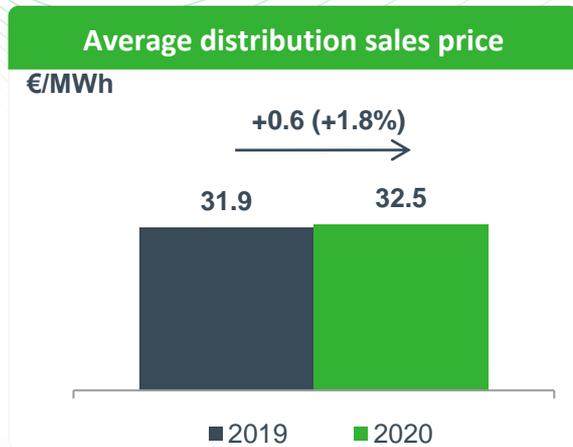
Key Figures	2020	2019
Return on fixed assets (%)	-1.2	2.3
Electricity EBITDA (€/MWh)	6.8	15.4

Distribution



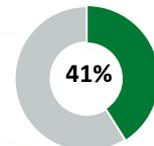
Street lights in Tartu, Estonia

Distribution sales revenue stable y-o-y

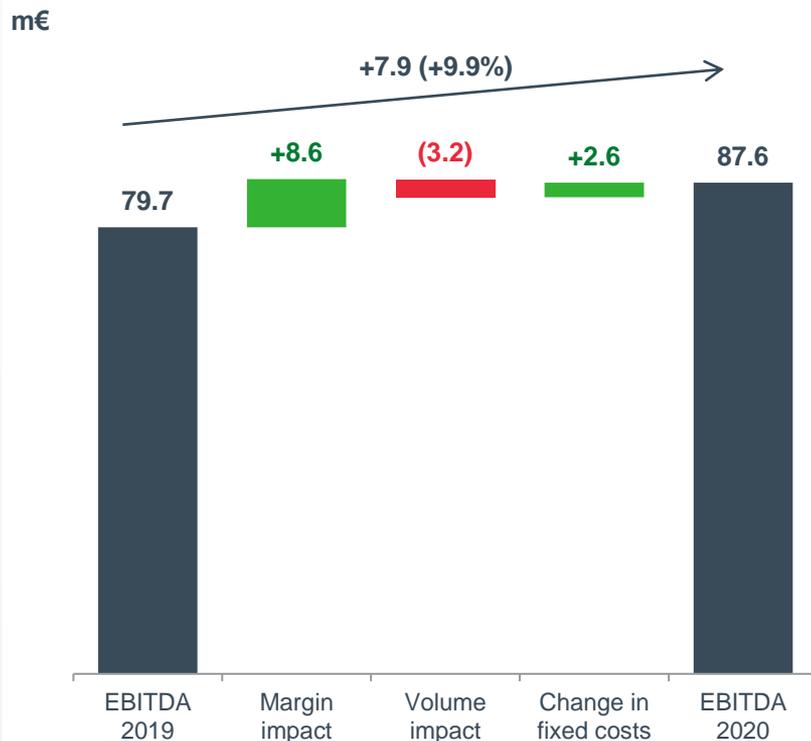


- Sales revenue stable y-o-y at €218m
- Network losses amounted to 4.0% (-0.1pp) of electricity entered distribution network
- The average duration of unplanned interruptions was 172.6 minutes (2019: 260.7 minutes)
- The average duration of planned interruptions was 68.0 minutes (2019: 71.8)

Distribution EBITDA increased



Distribution EBITDA development



- ✓ Total margin impact +€8.6m (+1.3 €/MWh). Average sales price increased by 0.6 €/MWh. Average variable costs decreased by 0.7 €/MWh due to decreased electricity costs for network losses
- ✗ Distribution volume decreased by 2.5%, impact on EBITDA -€3.2m
- ✓ Fixed costs decreased by €2.6m mainly due to lower maintenance costs

Key Figures	2020	2019
Return on fixed assets (%)	3.8	3.3
Distribution losses (GWh)	284.1	298.3
SAIFI	1.8	2.4
SAIDI (unplanned)	172.6	260.7
SAIDI (planned)	68.0	71.8
Adjusted RAB* (m€)	829.7	809.9

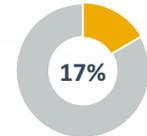
* RAB (Regulated Asset Base) allocated to distribution product

Shale Oil

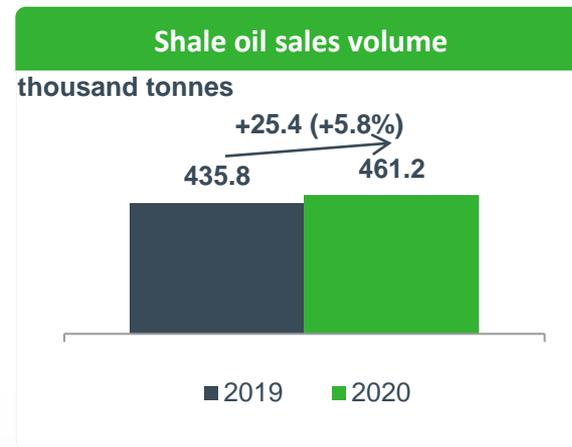
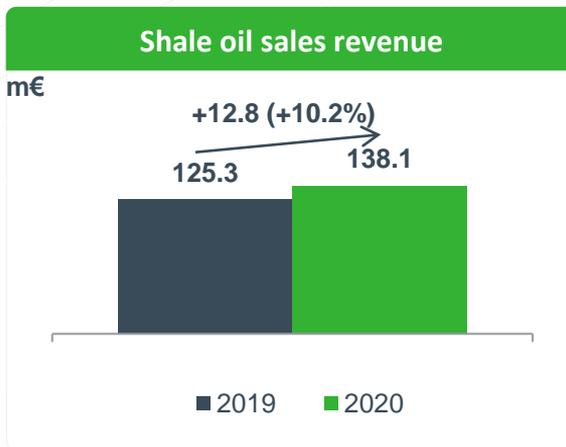
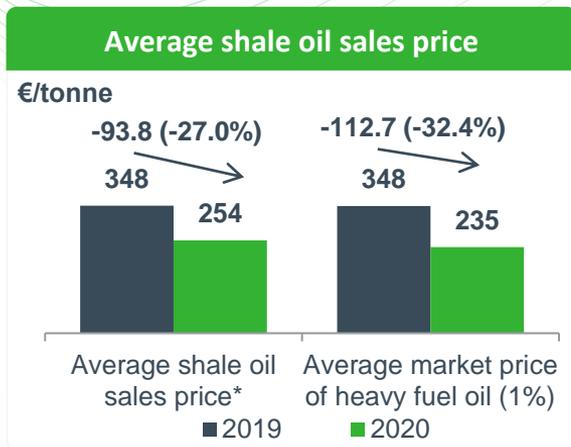


Eesti Energia Oil Industry in Ida-Virumaa, Estonia

Shale oil sales revenue increased 10%



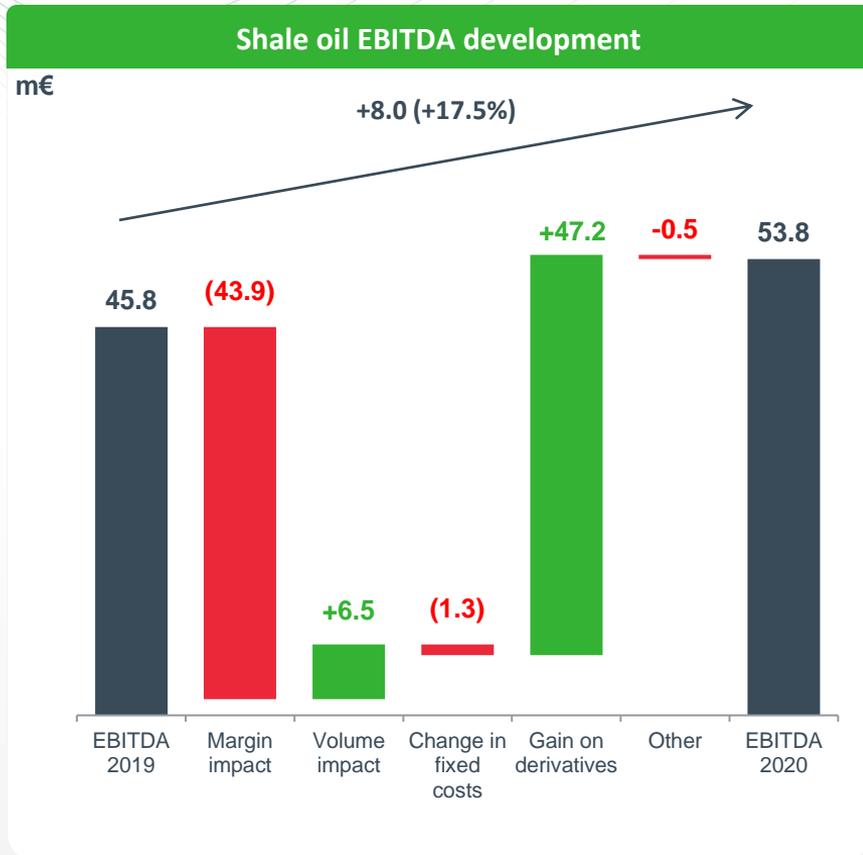
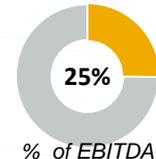
% of revenue



- Average shale oil sales price* decreased to 253.9 €/t (-93.8 €/t, -27.0%) due to a decrease in the reference product average market price (-112.7 €/t, -32.4 %)
 - Gain on derivatives impacted price by +45.4 €/t (+105.7 €/t, +21.0 m in abs. terms, +€47.2m Y-o-Y)
 - Average sales price incl. gain on derivatives increased to 299.4 €/t (+11.8 €/t, +4.1%)
- Shale oil sales volumes increased to 461.2 thousand tonnes (+25.4 thousand tonnes, +5.8%)
Shale oil production increased to 451.7 thousand tonnes (+9.3 thousand tonnes, +2.1%)
- For 2021 we have hedged sales against price risk in amount of 349.6 thousand tonnes with an average price of 297.9 €/t
For 2022 we have hedged sales against price risk in amount of 277.8 thousand tonnes with an average price of 270.0 €/t

* total average sales price excludes gain on derivatives

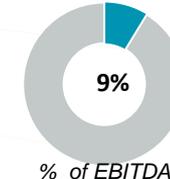
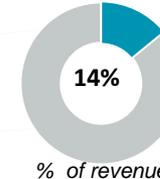
Shale oil EBITDA increased by 17.5%



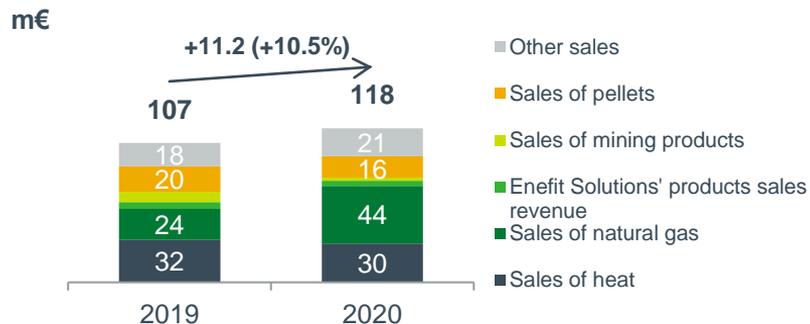
- ✗ Margin impact on profitability -€43.9m (-95.2 €/t) mainly due to the decrease in average sales price (-93.8€/t)
- ✓ Sales volume increased by 5.8%, impact on EBITDA +€6.5m
- ✗ Fixed costs stable y-o-y, slight increase is mainly related to fixed cost component in inventories as the Group's sales volume for 2020 was higher than production volume
- ✓ Gain on derivatives impacted EBITDA by +€47.2m (gain on derivatives -€26.2m in 2019, +€21.0m in 2020)

Key Figures	2020	2019
Return on fixed assets (%)	12.0	9.2
Shale Oil EBITDA (€/t)	116.7	105.1

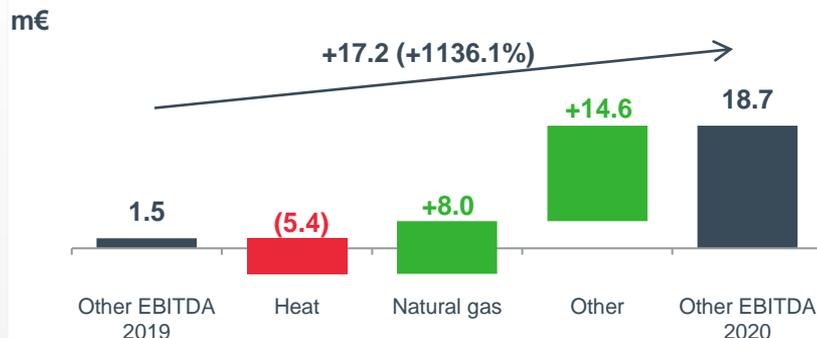
Other sales revenue and EBITDA increased



Sales revenues from other products and services



Other products and services EBITDA development

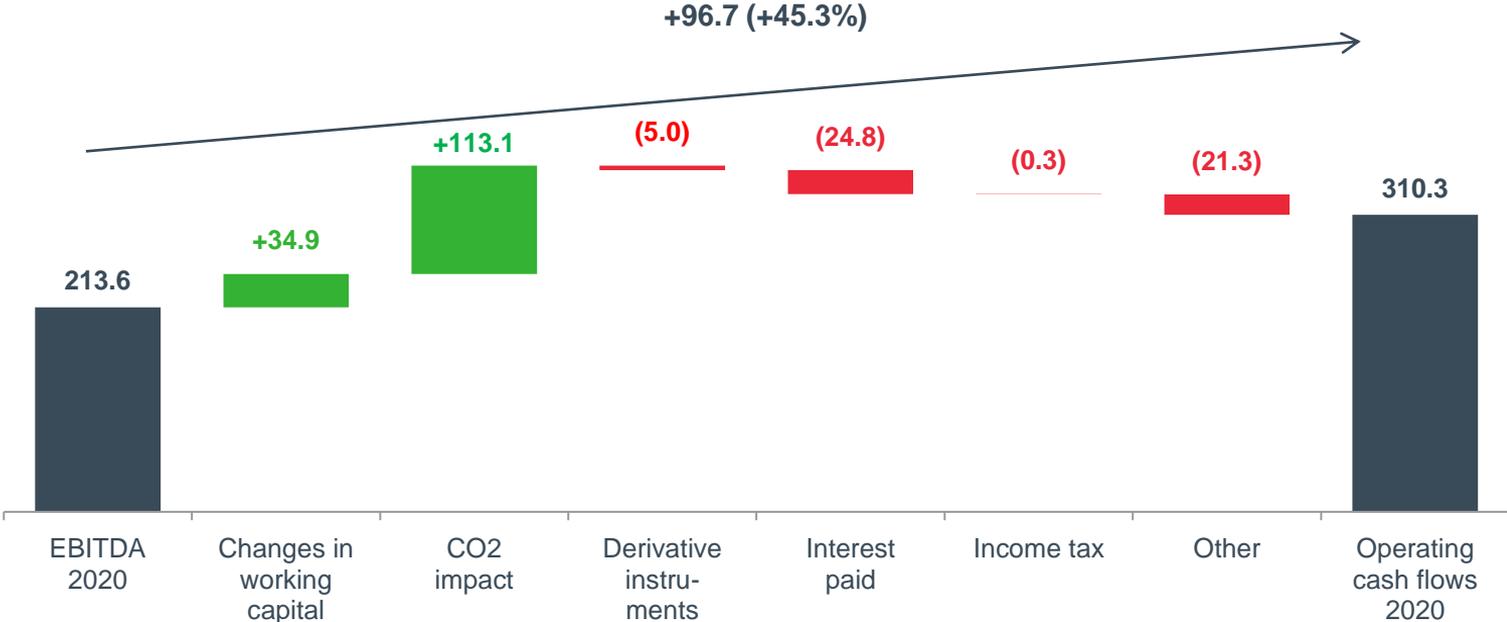


- Other products and services comprise sales of heat, natural gas, industrial equipment, mining products and other sales articles. The impacts of one-off transactions, R&D costs and a portion of the Group's overhead costs are also recognized in this segment
- Heat sales volume stable y-o-y, heat sales revenue and EBITDA decreased
- Sales revenue from natural gas increased by €20.2m. Natural gas EBITDA grew +€8.0m mainly due to increased sales volumes
- Other changes in EBITDA totaled +€14.6m, mainly due to gains from sales of CO₂ emission allowances (+€13.7m)

Operating cash flow

EBITDA to operating cash flows development

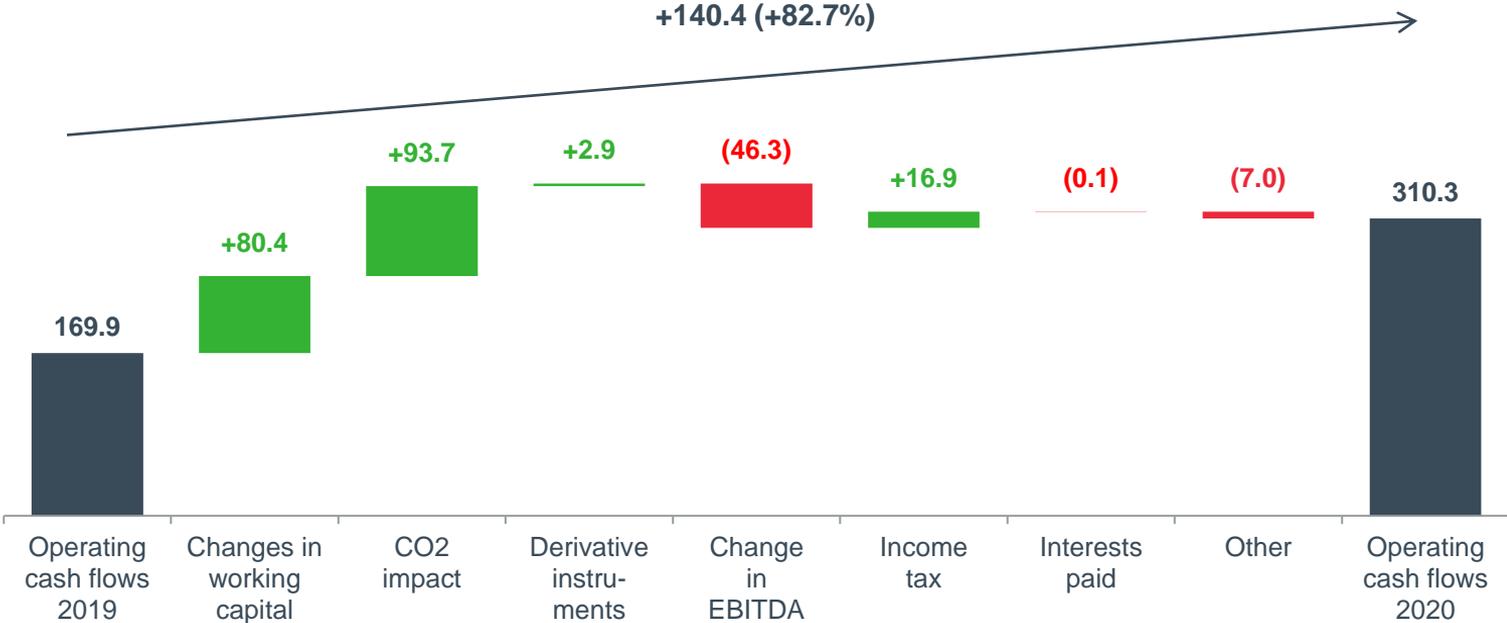
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Operating cash flow

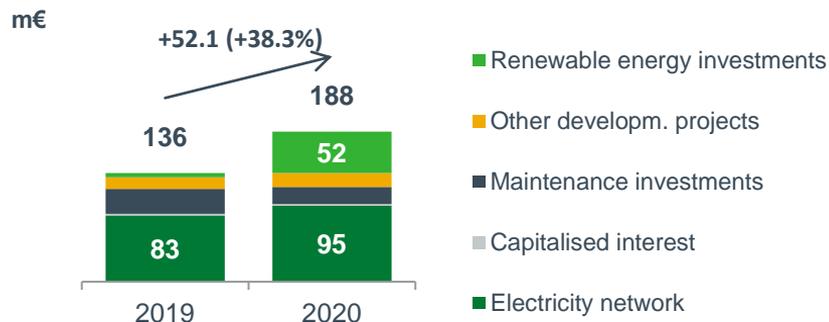
Operating cash flow changes

mln €

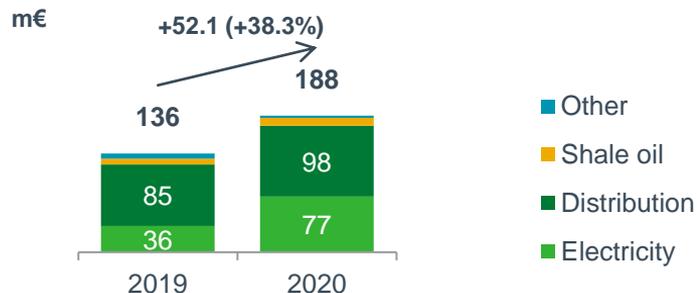


Capital expenditure €188m in 2020

Capex breakdown by projects



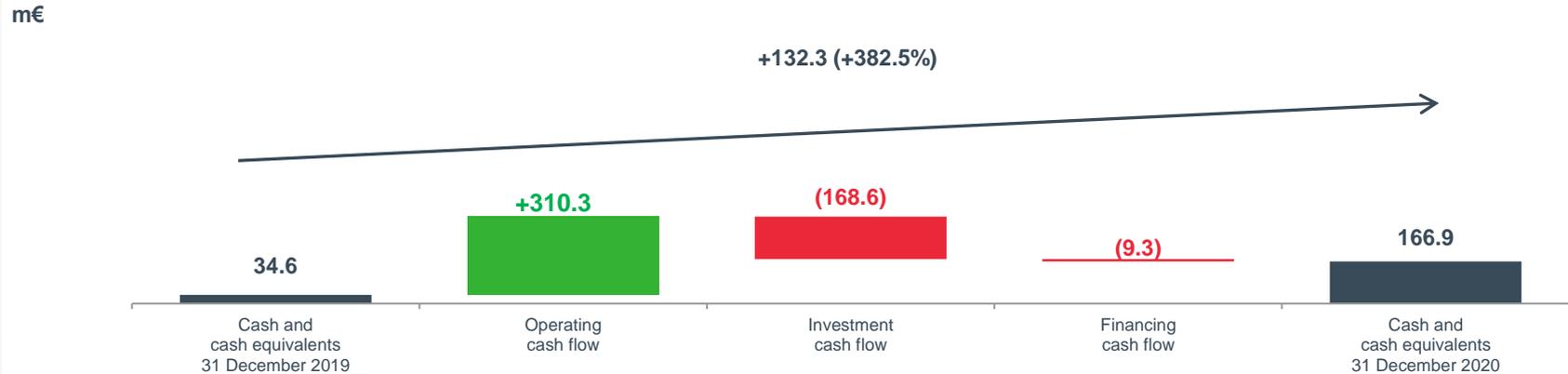
Capex breakdown by products



- Investments into electricity network increased to €95.4m (+€12.1m, +14.6%)
- Renewable energy investments increased to €52.1m, including €43m to development of Tootsi windfarm.
- Maintenance investments (excl. electricity network) decreased by €7.0m to €28.3m
- Investments into other development projects increased by €2.7m to €17.2m

€167m amount of liquid assets at the end of 2020

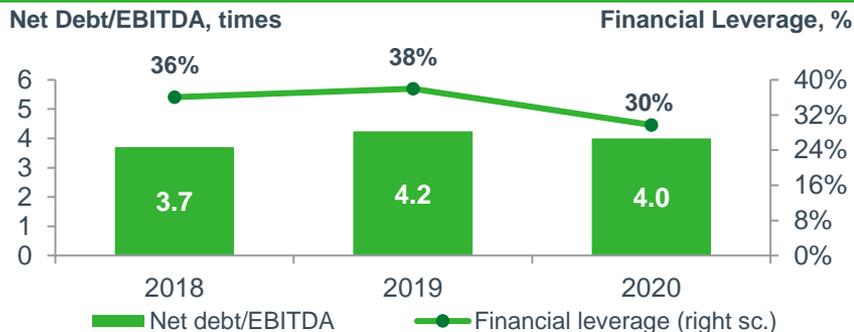
Group's liquidity development in 2020



- €687m of liquid assets and unused loans available as of 31 December 2020, including:
 - €167m of liquid assets
 - €520m undrawn loans, consisting of liquidity loans of €275m and long-term loans of €245m
- Equity injection of €125m received in H1 2020 to support the capex programme

Debt maturity profile

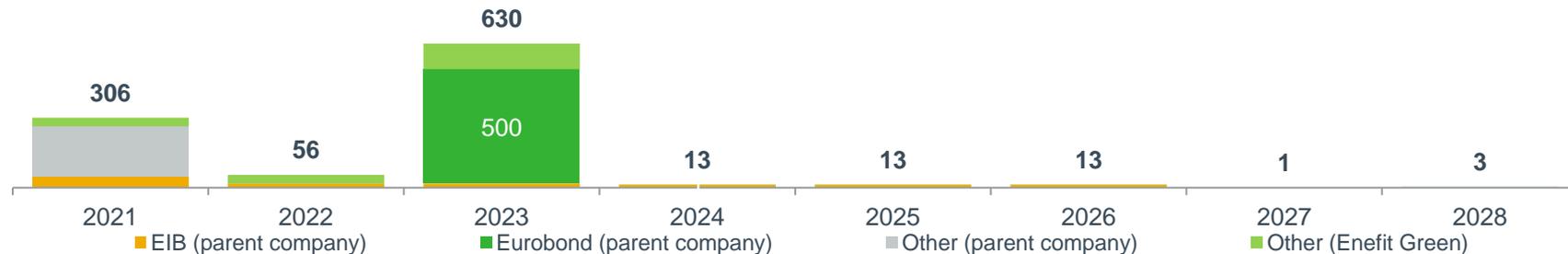
Net debt / EBITDA & financial leverage



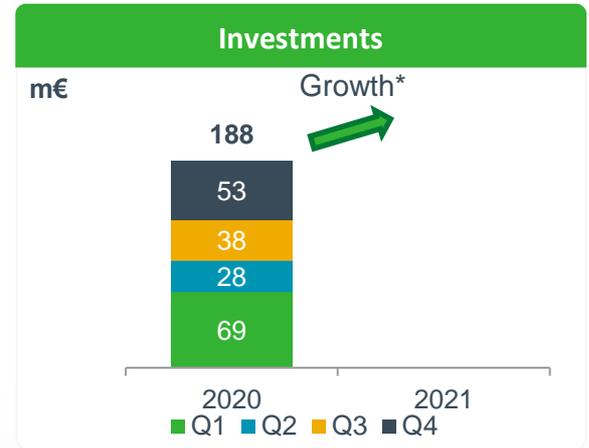
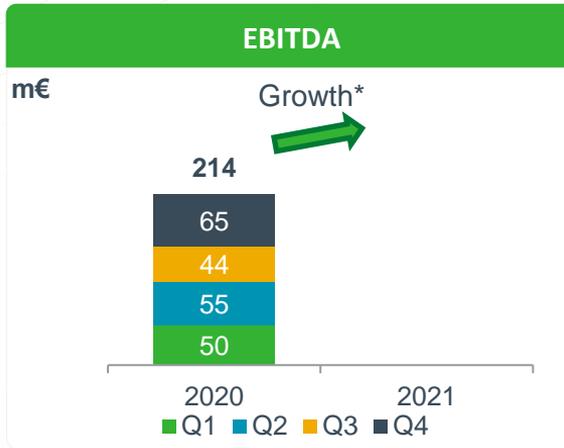
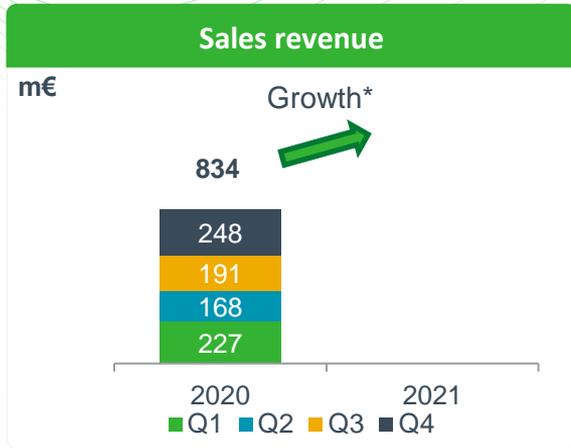
- Eesti Energia credit ratings are at investment grade level
 - BBB- (S&P) (outlook: negative)
 - Baa3 (Moody's) (outlook: stable)
- Eesti Energia's financing policy is aimed at maintaining investment grade credit ratings
- Total debt by the end of 2020 was €1,014m; net debt €847m (-€254m y-o-y)

Debt maturity

m€



Outlook for FY2021



- The market situation is actively monitored, and our plans are adjusted according to the situation. They will be re-evaluated in case of significant changes
- Sales revenue and EBITDA are likely to increase* in 2021
 - Group's electricity sales revenue and EBITDA expected increase is due to higher electricity price and higher sales volumes
- Investments will be mainly into renewable energy development projects and into large scale energy production

* slight growth / slight decline ≤ 5%, growth / decline > 5%

Summary

- 2020 sales revenue decreased to €834m (-10%; -€92m)
 - Electricity sales revenue decreased by €114m (-24%) due to lower sales volumes and price
 - Distribution sales revenue decreased by €2m (-0.7%) due to lower sales volumes
 - Shale oil sales revenue increased by €13m (+10%) due to higher sales volumes and gains on derivatives
 - Other products and services sales revenue increased by €11m (+11%) mainly driven by gas energy sales
- 2020 EBITDA decreased to €214m (-18%; -€46m)
 - Electricity EBITDA decreased by €79m (-60%) due to lower margin and sales volume
 - Distribution EBITDA increased by €8m (+10%) due to higher margin
 - Shale oil EBITDA increased by €8m (+18%) due to higher sales volumes
 - Other products and services EBITDA increased by €17m
- Investments increased by 38% to €188m
- 2020 net profit decreased to €19.3m (-45%; -€16.1m)*

**2019 net profit has been adjusted from 23.2 million euros published in the 2019 annual audited report to 35.4 million euros used as the 2019 comparison figure on this slide. Change in 2019 net profit is due to International Accounting Standard paragraph 12 (IAS12). Previously corporate income tax was accounted in the period where the dividend pay-out occurred, now corporate income tax is accounted in the period the taxable profit occurred.*

APPENDICES



Production and sales in 2020

Distribution



6,706 GWh of electricity distributed to clients

Electricity



6,977 GWh sold in retail market

864 GWh sold in wholesale market

7,840 GWh of electricity sold

1,516 GWh of renewable electricity produced, 4,684 GWh of electricity purchased

2,292 GWh of non-renewable electricity produced

Shale oil



461 thousand tonnes of oil sold to clients

452 thousand tonnes of shale oil produced

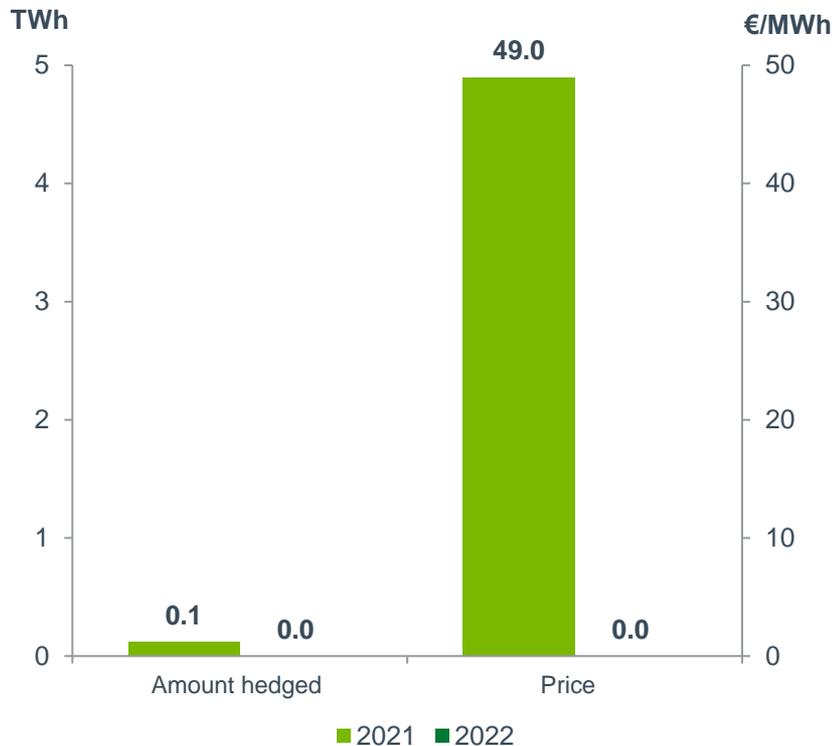
6.3 m tonnes used in electricity and shale oil production



Oil shale mined 6.7 m tonnes

Electricity hedge positions as at 31 December 2020

Power production hedge

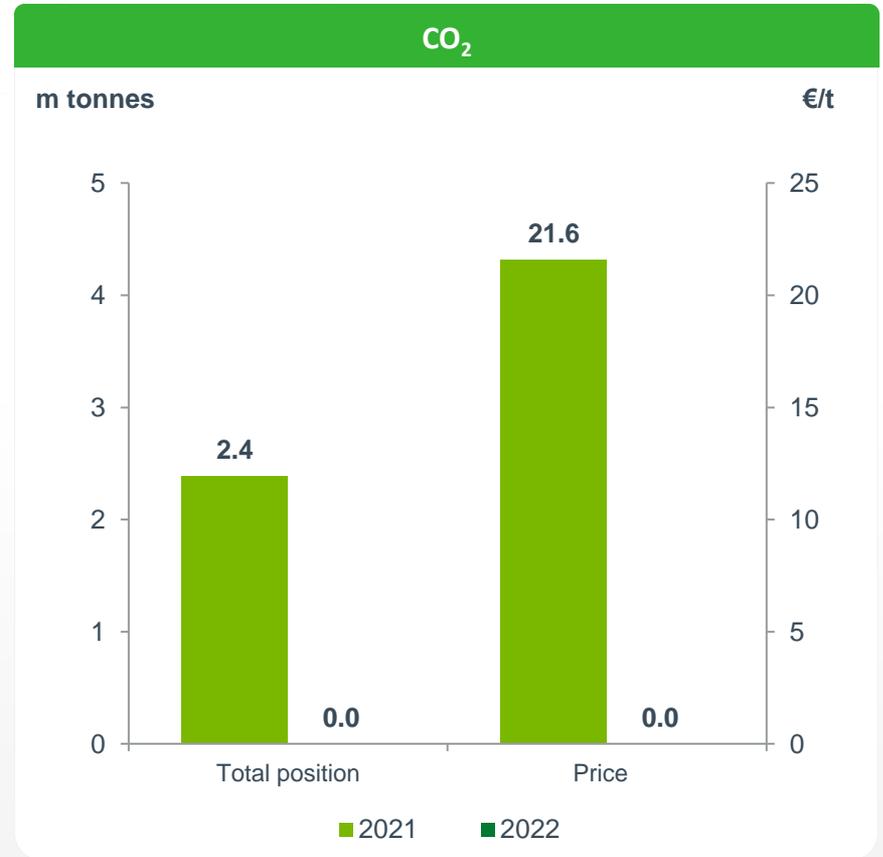
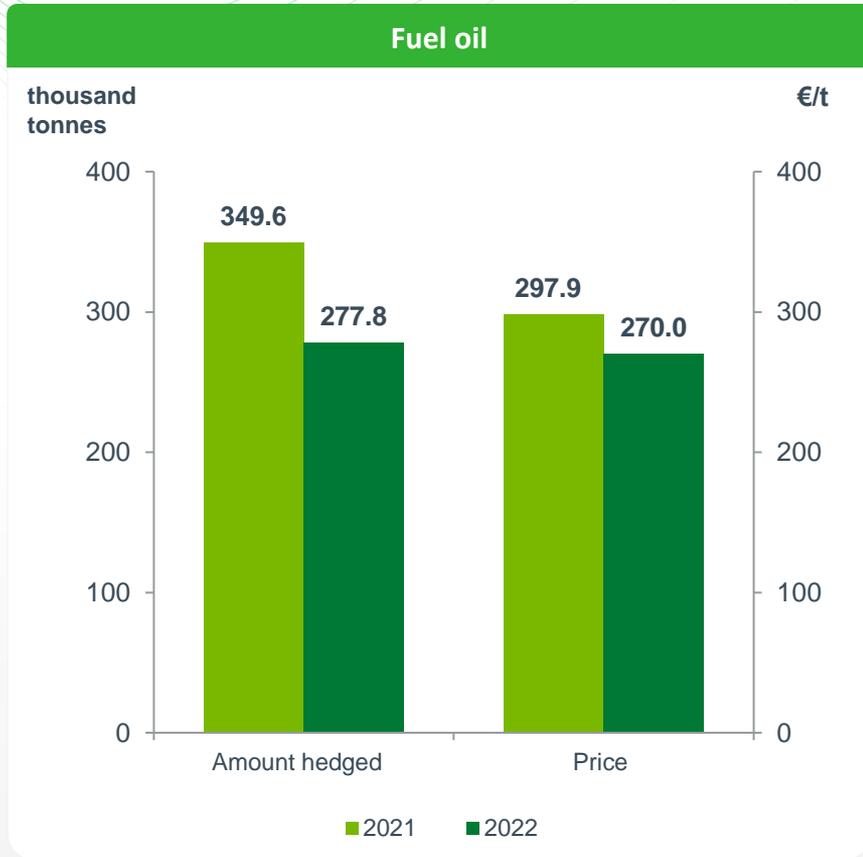


Electricity sales hedge*



*We hedge fixed price contracts against the risks from fluctuations in market prices

Fuel oil and CO₂ hedge positions as at 31 December 2020



Profit and loss statement

million euros	2020	2019	Change	Change
Sales revenues	833.7	925.8	-92.1	-10.0%
Other revenues	107.9	92.7	+15.2	+16.4%
Expenses (excl. depreciation), incl:	728.0	758.6	-44.5	-4.0%
Electricity purchasing costs	182.8	201.1	-18.3	-9.1%
Environmental fees	15.5	35.5	-19.9	-56.2%
CO2 emission costs	76.2	68.9	+7.3	+10.6%
Change in inventories	-4.7	-14.1	+9.4	-66.7%
Other	458.1	467.2	-9.1	-2.0%
EBITDA	213.6	259.8	-46.3	-17.8%
Depreciation	161.4	188.0	-26.6	-14.2%
EBIT	52.2	71.9	-19.6	-27.3%
Net financial income (-expenses)	-34.0	-36.8	+2.8	-7.6%
Net profit from associates via equity method	1.4	-0.5	+2.0	+364.8%
Other net profit from associates	0.3	0.4	-0.1	-24.6%
Earnings before tax	20.0	34.9	-15.0	-42.9%
Income tax expense	0.7	-0.4	+1.1	+275.0%
Net profit	19.3	35.4	-16.1	-45.5%

Balance sheet

million euros	2020	2019	Change yoy
Assets	3,686.1	3,468.1	+6.3%
Current assets	607.4	431.4	+40.8%
Cash and cash equivalents	166.9	34.6	+382.6%
Trade receivables	136.0	134.6	+1.0%
Inventories and prepaid expenses	129.7	118.1	+9.9%
Other current assets	174.8	144.1	+21.3%
Non-current assets	3,078.8	3,036.7	+1.4%
Liabilities and equity	3,686.1	3,468.1	+6.3%
Liabilities	1,677.8	1,666.5	+0.7%
Trade payables	79.7	84.2	-5.3%
Borrowings	1,014.4	1,135.8	-10.7%
Current liabilities	305.7	211.7	+44.4%
Long-term liabilities	708.7	924.1	-23.3%
Provisions	110.5	105.7	+4.6%
Deferred income	261.4	234.7	+11.4%
Other liabilities	211.8	106.1	+99.6%
Equity	2,008.3	1,801.6	+11.5%

Cash flow statement

million euros	2020	2019	Change	Change
Cash generated from operations	335.2	211.6	+118.4	+58.4%
Interest paid	-24.7	-24.7	-0.1	+0.0%
Interest received	0.0	0.2	-0.1	-100.0%
Taxes paid	-0.3	-17.2	+16.9	-98.3%
Cashflows from Operating Activities	310.3	169.9	+132.0	+82.6%
Purchase of non current assets	-173.6	-143.4	-30.2	+21.1%
Proceeds from sales of non current assets	1.9	6.1	-4.2	-68.1%
Non current assets government grants received	4.0	-0.1	+4.1	-4100.0%
Proceeds from financial investments	2.8	4.0	-1.2	-30.0%
Capital contribution	-4.3	-4.2	-0.1	+2.4%
Other loans granted	-0.1	0.0	-0.1	-100.0%
Other loans received	0.0	0.6	-0.6	-100.0%
Purchase of businesses	0.0	-13.8	+13.8	-100.0%
Sale of businesses	0.7	0.6	+0.1	+16.7%
Cashflows from Investing Activities	-168.6	-150.3	-13.1	+12.2%
Proceeds of long term borrowings	229.0	490.0	-261.0	-53.3%
Redeemed bonds	-106.3	0.0	-106.3	-100.0%
Repayment of bank loans	-255.4	-468.2	+212.8	-45.5%
Repayment of capital lease	-0.3	-11.2	+11.0	-97.3%
Capital contribution	125.0	0.0	+125.0	+100.0%
Dividend paid	0.0	-57.0	+57.0	-100.0%
Cashflows from Financing Activities	-9.3	-46.5	+37.2	-80.0%
Net Cashflow	132.3	-26.9	+159.2	-591.8%

Glossary

- **1 MWh** – 1 megawatt hour. The unit of energy generated (or consumed) in one hour by a device operating at a constant power of 1 MW (megawatt).
1,000,000 MWh = 1,000 GWh = 1 TWh
- **Clean Dark Spread (CDS)** – Eesti Energia's margin between the average price of electricity (in NPS Estonia), oil shale costs and CO₂ costs (taking into account the price of CO₂ allowance futures maturing in December and the amount of CO₂ emitted in the generation of a MWh of electricity)
- **CO₂ emission allowance** – According to the European Union Emissions Trading System (ETS), one emission allowance gives the holder the right to emit one tonne of carbon dioxide (CO₂). The limit on the total number of emission allowances available gives them a monetary value
- **Financial leverage** – Net debt divided by the sum of net debt and equity
- **Net debt** – Debt obligations (amortised) less cash and cash equivalents (incl. bank deposits with maturities exceeding 3 months), units in money market funds and investments in fixed income bonds
- **Network losses** – The amount of electricity delivered to customers is somewhat smaller than the amount supplied from power plants to the network because during transfer a part of electricity in the power lines and transformers converts into heat. In smaller amount, network losses are caused by power theft and incorrect measuring. The network operator has to compensate energy losses and for this a corresponding amount of electricity has to be purchased every hour
- **NP system price** – The price on the Nord Pool power exchange that is calculated on the basis of all purchase and sale bids without taking into account transmission capacity limitations
- **Position hedged with forward transactions** – The average price and the corresponding amount of electricity and shale oil sold and emission allowances purchased in the future is previously fixed
- **RAB** – Regulated Asset Base, which represents the value of assets used to provide regulated services
- **Return on Fixed Assets (ROFA)** – Operating profit (rolling 12 months) divided by average fixed assets excl. assets under construction (allocated to specific product)
- **SAIDI** – System Average Interruption Duration Index. The sum of all customer interruption durations in minutes divided by the total number of customers served
- **SAIFI** – System Average Interruption Frequency Index. The total number of customer interruptions divided by the total number of customers served
- **Variable profit** – Profit after deducting variable costs from sales revenues