Eesti Energia

Interim Report

1 January 2017 – 31 March 2017

Eesti Energia Aulepa Wind Park in Noarootsi, Estonia

Contents

Letter from the CEO

Dear reader

Within the past year, we have worked hard to reorganise our business so that Eesti Energia could respond swiftly to any market developments. At the beginning of 2016, we were forced to reduce production due to low energy prices. This year has started somewhat better for energy producers, mainly because in the first quarter the market prices of electricity and oil were higher than a year earlier.

It is worth remembering that at the beginning of 2016 market prices were exceptionally low: for example, the world market price of oil dropped below 30 USD/bbl, its lowest level since 2004.

In the first quarter of this year, the average world market price of Brent crude oil was 53 USD/bbl, 59% higher than a year ago. The year-on-year rise in the price of fuel oil with 1% sulphur content, a global market product which is closest to our shale oil, was even more remarkable. If in the first quarter of 2016 the average market price of fuel oil was 126 €/t, then in the first quarter of this year the price was already 278 €/t, which is more than a two-fold increase.

Electricity prices in the Baltic countries have evened out compared to a year ago. This is mainly attributable to the NordBalt submarine power link, which transmits cheaper Norwegian and Swedish hydro and nuclear energy from Sweden to Lithuania. The Latvian and Lithuanian electricity prices have decreased by 8% and 7% year over year respectively. In Estonia the electricity price rose slightly year on year, averaging 33 €/MWh for the quarter, which was still a couple of euros below the prices in Latvia and Lithuania.

During the quarter, electricity price in Estonia was volatile. January was warmer than usual, which suppressed electricity consumption and thus lowered the market price of electricity. In February, the market price of electricity increased because the levels of the Nordic water reservoirs were below average and there were interconnector failures. In March, electricity price in Estonia dropped again due to warmer than usual weather, abundant supply of Latvian hydro energy and strong wind energy output.

From the beginning of January to the end of March, Eesti Energia's power plants produced 2.8 TWh of electricity, a 29% increase on the same period last year. Our renewable energy output also showed strong growth: we produced 105 GWh of renewable energy. The strongest contributors to our renewable energy output were Enefit Taastuvenergia's wind farms which produced 60 GWh of electricity. This quantity would cover the annual electricity consumption of over 24,000 average-consumption households.

The oil plants of Enefit Energiatootmine produced a total of 101,000 tonnes of shale oil, 52% more than a year ago. We were able to increase production, year on year, because the world market price of oil was higher. It is worth noting that the contributions of the older Enefit140 oil plants and the new Enefit280 oil and electricity cogeneration plant were practically equal: the Enefit140 plants produced 51,000 tonnes and the Enefit280 plant 50,000 tonnes of oil. Previously, the output of the older plants was larger but thanks to improvements made to its reliability and productivity, the output of Enefit280 has increased.

Eesti Energia passed an important milestone in March when we reached the financial close for our power plant project in Jordan. The 2.1 billion US dollar project, which Eesti Energia led for eight years, is a world-class accomplishment as well as Estonia's first major success in the export of oil shale expertise.

We involved in the project international partners and obtained financing from the world's largest banks which shows the quality of our development activities, which gained the trust of our counterparties. It is the largest ever one-off investment in oil shale energy. According to plan, the construction of the Jordanian power plant will be completed in 2020. In connection

with reaching the financial close, Eesti Energia's stake in the project decreased from 65% to 10%. Through the share sale transaction, we recovered our development investments of 29 million euros and earned a profit of 19 million euros. The Jordanian transaction's positive impact on our first-quarter results was 9 million euros. The rest of the profit was recognised in earlier periods.

We continue to hold a 65% interest in the company which was set up for carrying out an oil project in Jordan. We will decide the next steps in that project this year.

Our capital expenditures for the first quarter totalled 26 million euros, remaining 19% lower than a year earlier. Slightly more than a half of this, 14 million euros, was spent on the distribution network. For years, Eesti Energia's subsidiary Elektrilevi has made consistent investments in the security of electricity supply. As a result, 62% of the entire distribution network is now weather-resistant. Elektrilevi has 61,000 kilometres of power lines of which 640 kilometres was made weather-proof in the past quarter. The effectiveness of investments made is also reflected in the average duration of unplanned supply interruptions which has decreased from 27 minutes to 15 minutes year on year.

We are planning to increase the oil shale gas burning capacity of generating unit 8 of our Eesti power plant from 13% to 50% by the year-end. Oil shale gas is a by-product of shale oil production. Currently we use a small share of it in all generating units of the Eesti power plant. When generating unit 8 has been reconstructed, we will use oil shale gas for power production mostly in the reconstructed generating unit and the Auvere power plant whose power efficiency is higher. By increasing our capacity to burn oil shale gas, we also reduce the environmental impacts of oil shale-based power production. In the first quarter, we invested 2 million euros in the reconstruction of generating unit 8. The total cost of the project amounts to 15 million euros.

The rise in the market prices of electricity and oil is also reflected in Eesti Energia's first-quarter financial results. Our sales revenue for the first three months of the year amounted to 215 million euros, a 9% increase year on year. EBITDA amounted to 86 million euros, a 43% improvement on a year ago. Net profit for the first quarter was 48 million euros.

On the whole, the first quarter of 2017 was very good compared to the beginning of last year but as a company which mainly operates in an open market, we have to keep ourselves in shape all the time.

According to market forecasts, in the current year and also the second quarter electricity prices are likely to remain on the low side. The outlook for the oil price is somewhat more stable. If we want to remain successful, our only option is to accept the challenge offered by the markets and improve our competitiveness. To achieve this, we will continue to invest in both the implementation of new technologies and enhancing our operating efficiency.

Hando Sutter
Chairman of the Management Board

Eesti Energia at a Glance

Eesti Energia operates in the electricity market of the Baltic Sea area as well as in the Estonian gas market and the international fuel market. The company's sole shareholder is the Republic of Estonia.

We mine oil shale and produce electricity, heat, liquid fuels (shale oil), and power engineering and industrial equipment.

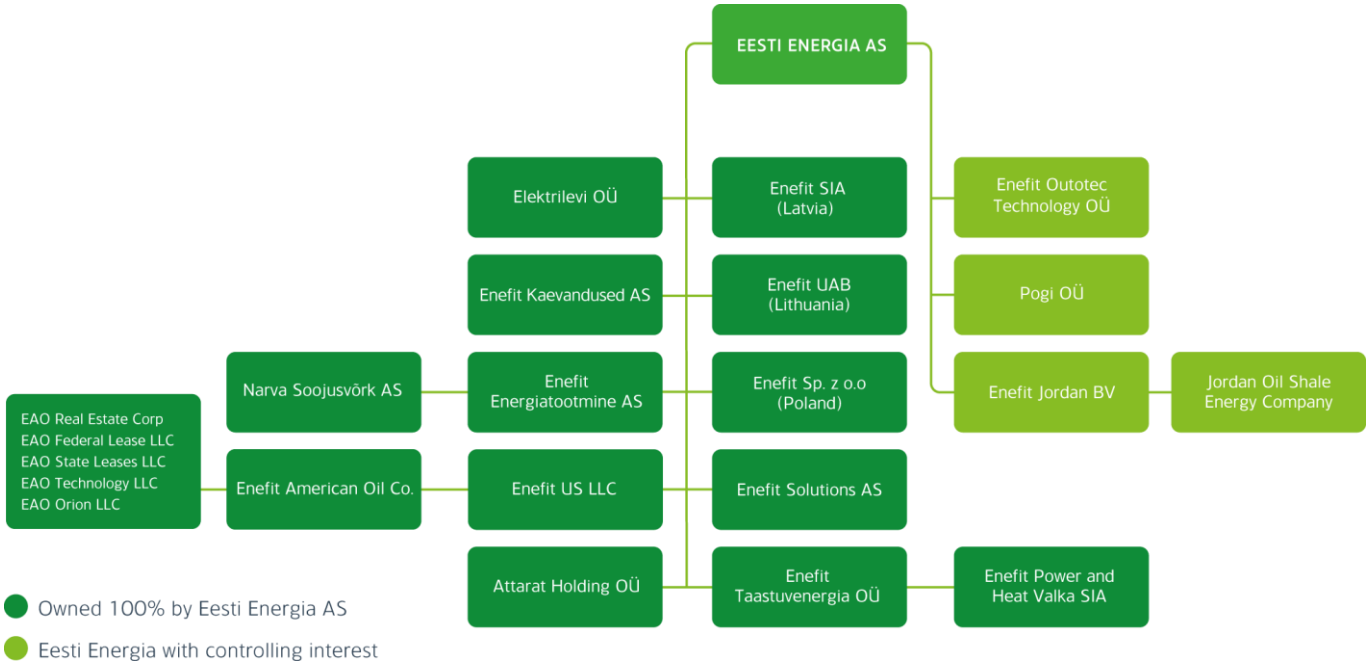
We sell electricity in the Baltic retail market and the Nord Pool wholesale market, natural gas in the Estonian retail and wholesale market, and shale oil in the international wholesale market. We intend to launch electricity sales in the Polish market soon. In addition, we offer contemporary energy solutions and energy services to both residential customers and companies.

Our Group's subsidiary Elektrilevi provides the distribution network service in the Estonian market.

We have divided our operations into four key areas: oil shale energy, renewables, network services, and retail sale of energy and other services.

We have around 5,800 employees.

Legal Structure of Eesti Energia as at 31 March 2017*



* legal entities where Eesti Energia owns 51% or more

Key Figures and Ratios

		Q1 2017	Q1 2016	Change
Total electricity sales*, of which	GWh	2,675	2,226	+20.1%
wholesale sales*	GWh	962	453	+112.3%
retail sales	GWh	1,713	1,773	-3.4%
Electricity distributed	GWh	1,914	1,941	-1.4%
Shale oil sales	th t	77	34	+125.2%
Heat sales	GWh	429	549	-21.8%
Average number of employees	No.	5,850	5,873	-0.4%
Sales revenues	m€	215.3	197.0	+9.3%
EBITDA	m€	86.5	60.3	+43.4%
Operating profit	m€	52.4	25.0	+109.1%
Net profit	m€	48.3	19.4	+148.4%
Investments	m€	26.0	31.7	-18.0%
Cash flow from operating activities	m€	131.9	37.8	+249.3%
FFO	m€	75.1	57.4	+30.8%
Non-current assets	m€	2,538.0	2,547.1	-0.4%
Equity	m€	1,767.1	1,589.6	+11.2%
Net debt	m€	598.1	792.1	-24.5%
Net debt / EBITDA**	times	1.7	3.3	-49.1%
FFO**/ net debt	times	0.49	0.27	+83.2%
FFO**/ interest cover**	times	8.4	5.7	+47.7%
EBITDA**/ interest cover**	times	10.0	6.3	+58.4%
Leverage	%	25.3	33.3	-8.0pp
ROIC**	%	9.0	1.2	+7.7pp
EBITDA margin	%	40.2	30.6	+9.6pp
Operating profit margin	%	24.3	12.7	+11.6pp

Definitions of ratios and terms are explained in the Glossary section of the report, page 41

*** due to a change in the principle of reporting of sales volume, the total Auvere power plant's sales volume is included (The Group's sales revenue does not include the electricity generation variable cost and sales revenue in the extent in which it is capitalized)*

Operating Environment

Eesti Energia's operations and performance are influenced by various global and regional factors including oil, electricity, and emission allowance prices and the euro exchange rate.

In Q1 2017, our performance was influenced by the following developments:

- The world market prices of oil products trended downward but were considerably higher than in Q1 2016.
- Emission allowance prices decreased and remained lower than in Q1 2016.
- Average electricity prices in the Baltic countries were volatile but compared with Q1 2016 the prices of the three countries have evened out.

According to the estimates of the International Monetary Fund, in 2017 the global economy will grow by 3.5% and the euro area by 1.7%.

Liquid Fuels Prices

At the beginning of 2017, the rise in the price of Brent crude oil, which had emerged in December 2016, slowed. The number of rigs drilling for oil in the US grew and speculations about a shale gas and oil revolution in the autumn made markets jumpy. News about a decline in the US oil inventories and Russia's willingness to cooperate in order to reduce oversupply steadied the price in the first two months of the year. However, in March reports that the US oil inventories were higher than expected and the rig count continued to rise lowered the price of Brent crude.

In Q1 2017, the average price of Brent crude oil was 53.3 USD/bbl, i.e. 58.6% (+19.7 USD/bbl) higher than in Q1 2016. During the quarter the price dropped somewhat: from 54.5 USD/bbl in February to 51.3 USD/bbl in March, i.e. by 6%.

The average euro/USD exchange rate in Q1 2017 was 1.065 US dollars to the euro. Compared to Q1 2016, the euro weakened against the dollar by 3.5%.

Average price		Q1 2017	Q1 2016	Change
Brent crude oil	USD/bbl	53.3	33.6	+58.6%
Fuel oil (1% sulphur content)	€/t	277.8	126.5	+119.6%
Fuel oil 1% crack spread	€/bbl	-6.5	-11.9	-45.4%
Euro exchange rate	EUR/USD	1.0654	1.1041	-3.5%

The euro/USD exchange rate is relevant for Eesti Energia because our shale oil sales are predominantly priced in US dollars.

A widely-traded oil product, which is closest to the oil produced by Eesti Energia, is fuel oil with 1% sulphur content. In Q1 2017, the European fuel oil market was unsteady. At the beginning of the year, the price of fuel oil edged up, supported by high local demand and increased arbitrage opportunities in Asia and the Middle East. From February both arbitrage opportunities in the Asian markets and local demand began to decline because of warmer weather.

Fuel oil supply to the market was increased by larger supplies from the Baltic region. The fuel oil inventories of ARA (Amsterdam-Rotterdam-Antwerp), which is one of the largest liquid oil trading areas in Europe, grew noticeably and the market price dropped.

In Q1 2017, the average price of fuel oil (1% sulphur content) was 277.8 €/t. Compared with Q1 2016, the price increased more than two-fold, i.e. by 151.3 €/t (+119.6%). Similarly to the oil price, in Q1 the fuel oil price decreased, dropping from 289.1 €/t in February to 262.5 €/t in March.

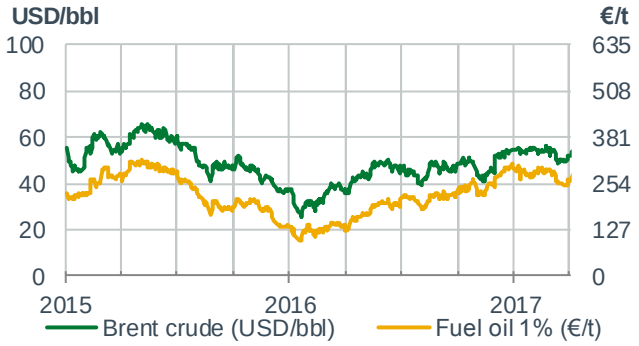
In Q1 2017, the crack spread was -6.5 €/bbl, i.e. 5.4 €/bbl narrower than in Q1 2016.

The crack spread measures the difference between the prices of fuel oil with 1% sulphur content and Brent crude oil, reflecting the value of fuel oil relative to the general price level in the oil market (Brent).

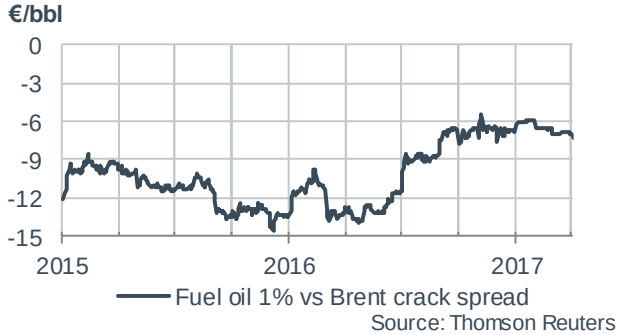
The main factors which influence the crack spread are the relationship between demand and supply in the Baltic Sea area and the world. Lower demand for fuel oil widens the negative crack spread and lowers the value of Eesti Energia's oil compared to the general price level in the oil market.

Rises in crude oil and fuel oil prices have a positive impact on Eesti Energia because they raise the price of our shale oil and thus increase our revenue.

Liquid Fuels Prices



Fuel Oil Crack Spread



Source: Thomson Reuters

Emission Allowance Prices

In Q1 2017, the price of CO_2 futures was influenced by China's ongoing cutbacks in the use of coal and warmer than usual weather which lowered electricity consumption.

The downtrend in the use of energy sources which cause carbon emissions is also reflected in the fact that in March the Swedish government-owned energy company Vattenfall AB decided to invest 1.9 billion US dollars in wind energy in 2017-2018.

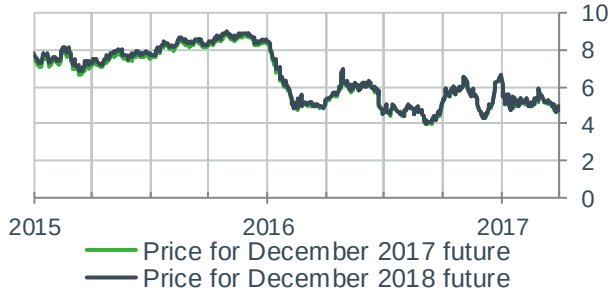
In Q1, the price of CO_2 emission allowance futures maturing in December 2017 decreased, dropping from 6.1 €/t on the first trading day of the year to 4.7 €/t at the end of March. The Q1 average price of CO_2 futures was 5.2 €/t, i.e. 9.4% lower than a year earlier.

The lower the price of emission allowances, the lower our electricity production costs, which in turn has a positive impact on our financial results. We alleviate the impacts of potential upswings in the market prices CO_2 emission allowances with free allowances received as investment support and hedging transactions with which we close our CO_2 emission allowance positions.

CO_2 Emission Allowance Prices

Average price (€/t)	Q1 2017	Q1 2016	Change
CO_2 December 2017	5.2	5.7	-9.4%
CO_2 December 2018	5.2	5.7	-10.2%

Prices of CO_2 Emission Allowances, €/t



Source: Thomson Reuters

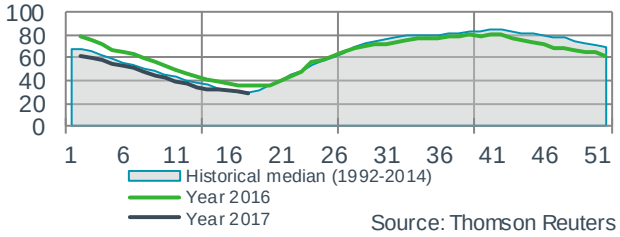
Electricity Prices

In Q1 2017, electricity prices in the Nordic countries and Estonia were volatile. At the beginning of the year, prices were low because realtively warm weather reduced electricity consumption. Also, no large production units or interconnectors were closed for maintenance. At the end of January, unplanned maintenance on the NordBalt power link and a decrease in the levels of the Nordic water reservoirs drove up electricity prices in the area. In March, electricity prices dropped due to warmer than usual weather, abundant supply of wind energy, and strong output of the Latvian hydro power plants.

In Q1 2017, the average level of the Nordic water reservoirs was 13.9 percentage points lower than in Q1 2016 and 4.8 percentage points below the historical median.

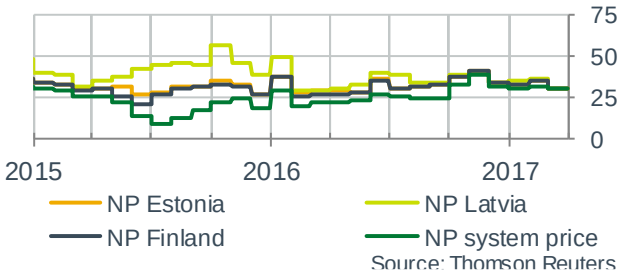
Since Q1 2016, the Baltic electricity prices have been evening out.

Week Levels of Nordic Water Reservoirs, % of Maximum



Source: Thomson Reuters

Monthly Average Electricity Prices, €/MWh



Source: Thomson Reuters

In Q1 2017, the Estonian and Finnish electricity prices were higher and the Latvian and Lithuanian electricity prices were lower than a year earlier. The average electricity price in Estonia was 32.8 €/MWh, i.e. 3.0% higher than in Q1 2016.

Electricity Prices on Nord Pool (NP) Electricity Exchange

Average price (€/MWh)	Q1 2017	Q1 2016	Change
System price	30.9	24.0	+28.4%
Finland	32.7	30.4	+7.4%
Estonia	32.8	31.8	+3.0%
Latvia	33.8	36.7	-7.8%
Lithuania	34.7	37.1	-6.5%

In Q1 2017, the average electricity price in Estonia was 0.1 €/MWh higher than in Finland; compared to a year earlier the price gap decreased by 1.3 €/MWh.

The NordBalt power link, which was launched in 2016, has narrowed differences in the Baltic electricity prices because cheaper hydro and nuclear energy, transmitted from Sweden to Lithuania, has lowered the Latvian and Lithuanian electricity prices.

In January 2016 when the NordBalt interconnector was not yet operational, the average electricity price was 50.0 €/MWh in Latvia and 50.3 €/MWh in Lithuania but only 37.6 €/MWh in Estonia.

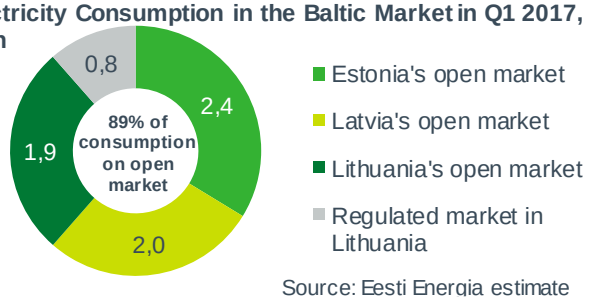
In Q1 2017, the average electricity price in Latvia was 1.0 €/MWh higher than in Estonia. Compared to Q1 2016, the gap between Estonia's and Latvia's average electricity prices narrowed by 79% (3.8 €/MWh).

In Q1 2017, the average electricity price in Lithuania was 1.9 €/MWh higher than in Estonia. Compared to Q1 2016, the gap between Estonia's and Lithuania's average electricity prices narrowed by 64% (3.4 €/MWh).

The Estonian and Latvian retail electricity markets have been deregulated since 2013 and 2015 respectively. In Q1 2017, the Lithuanian electricity market was partly deregulated. All companies in Lithuania purchased electricity from the open market but residential consumers did not have to. According to estimates, in Q1 2017 around 70% of the Lithuanian electricity market (in terms of consumption volume) was open to competition.

In Q1 2017, Eesti Energia's clean dark spread (CDS[1]) in the electricity price of Nord Pool's Estonian price area (NP Estonia) was 9.7 €/MWh (+4.3 €/MWh, +79% compared to Q1 2016). The electricity price increased by 1.0 €/MWh year on year and the impact of the change in CO_2 and oil shale costs was +3.3 €/MWh.

Electricity Consumption in the Baltic Market in Q1 2017, TWh



Source: Eesti Energia estimate

[1] Compared to 2015, the CDS methodology has been specified by taking into account the oil shale costs calculated in making electricity wholesale bids.

The clean dark spread reflects an electricity producer's estimated profit margin, which remains after fuel and CO_2 emission allowance costs have been deducted from the average market price of electricity.

Eesti Energia Clean Dark Spread (CDS) in NP Estonia Electricity Price, €/MWh

Source: Thomson Reuters, Eesti Energia

Financial Results

Revenue and EBITDA

Considerable improvement in the world market prices of electricity and oil had also a positive impact on Eesti Energia's results for Q1 2017. Revenue, EBITDA and net profit all grew year over year. In addition, our Q1 performance was influenced by a one-off transaction – the sale of a stake in our oil shale electricity project in Jordan.

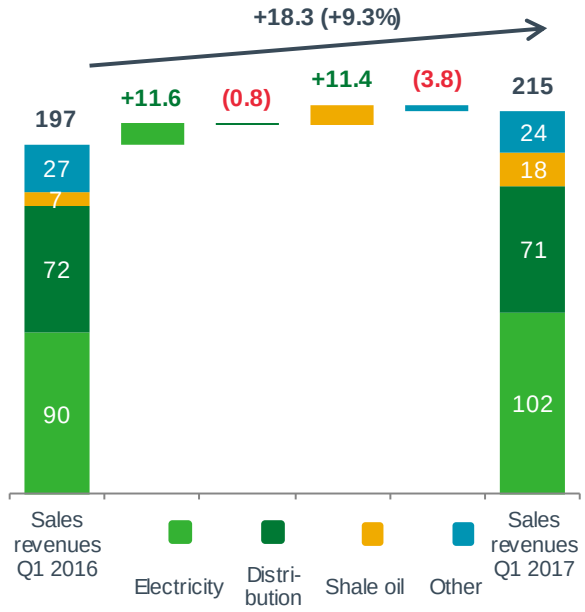
In Q1 2017, the Eesti Energia generated sales revenue of 215.3 million euros, 9.3% (+18.3 million euros) up on Q1 2016. EBITDA amounted to 86.5 million euros, a 43.4% (+26.2 million euros) increase year on year. Net profit grew by 148.4% to 48.3 million euros (+28.9 million euros).

The main contributors to revenue growth were the electricity and shale oil segments, which improved their revenues by 11.6 million and 11.4 million euros respectively. Both electricity and shale oil sales volumes grew substantially. The growth in shale oil sales revenue was also supported by a strong improvement in its market price.

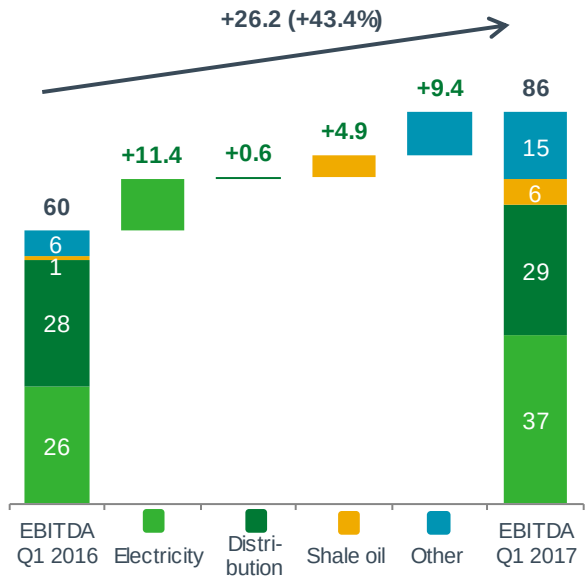
Electricity and shale oil EBITDA[2] grew significantly. Distribution EBITDA remained at the same level as a year earlier.

The Group's EBITDA was additionally strengthened by two exceptional items reported in the segment of other products and services: liquidated damages related to the Auvere power plant, which had an impact of +5.0 million euros, and disposal of a stake in the oil shale electricity project in Jordan, which had an impact of +9.2 million euros.

Group's Sales Revenues Breakdown and Change, m€



Group's EBITDA Breakdown and Change, m€



[2] Compared to the interim report for Q1 2016, segment reporting has been adjusted due to the specification of an accounting policy.

Electricity

Through the years, electricity has been one of the main sources of Eesti Energia's sales revenue and profit. Also in Q1 2017, the largest share of our revenue and EBITDA resulted from electricity sales.

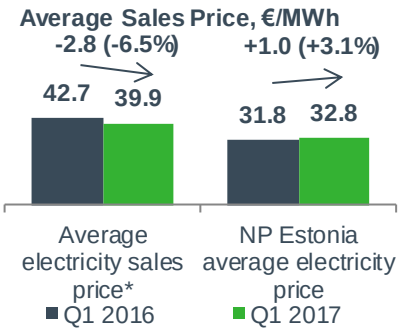
Electricity Sales Revenue

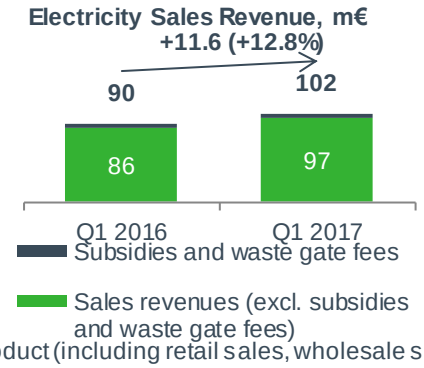
Although in Q1 2017 electricity sales prices were 6.5% lower than in Q1 2016, we succeeded in increasing electricity sales revenue by 12.8% to 102.0 million euros (+11.6 million euros). Revenue growth stemmed from substantially larger sales volume.

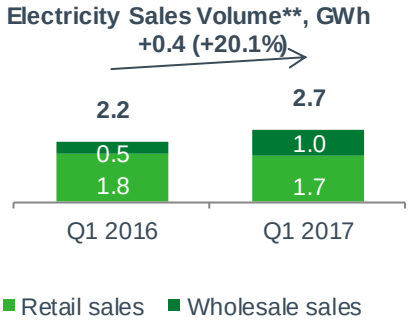
Average Sales Price

The average electricity sales price was 39.9 €/MWh, i.e. 6.5% lower than in Q1 2016 (-2.8 €/MWh).

The average sales price comprises, among other items, the impact of derivative transactions. Excluding gain on derivatives, the average sales price of Q1 2017 would have been 37.5 €/MWh, i.e. 10.2% (-4.3 €/MWh) lower than in Q1 2016. Gain on derivative instruments grew by a substantial 4.0 million euros (+203.7%) to 5.9 million euros.







* Total average sales price of electricity product (including retail sales, wholesale sales and gain on derivatives). Average sales price excludes subsidies for renewable energy and municipal waste gate fees
** sales volume includes total Auvere power plant sales volume

Electricity Sales Volume and Eesti Energia's Market Share

In Q1 2017, we sold 2,428 GWh of electricity, i.e. 411 GWh or 20.4% more than a year earlier.

Compared with Q1 2016, wholesale sales grew by a significant 472 GWh (+194%) to 715 GWh. Retail sales on the other hand decreased slightly, dropping to 1,713 GWh (-60 GWh, -3.4%).

Retail sales broke down between markets as follows: Estonia 1,292 GWh (-34 GWh), Latvia 274 GWh (-26 GWh) and Lithuania 147 GWh (+0 GWh).

In terms of customers' electricity consumption volume, in Q1 2017 Eesti Energia's market share in Estonia was 61%, i.e. at the same level as a year earlier. At the end of Q1 2017, universal service was consumed at around 19% of all consumption points.

In Latvia and Lithuania, Eesti Energia operates under the Enefit brand. We do not have major generation capacities in Latvia and Lithuania. Therefore we must buy the electricity we sell from the power exchange. In Q1 2017, our electricity sales in Latvia and Lithuania totalled 420 GWh (-6%, -26 GWh).

In Q1 2017, Eesti Energia's market shares in Latvia and Lithuania were 13.9% and 5.3% respectively. Our total share of the Baltic retail electricity market was 26%, 0.7 percentage points down from Q1 2016.

Electricity Production Volume

In Q1 2017, we produced 2,804 GWh of electricity, 28.9% (+629 GWh) more than in Q1 2016. We were able to increase production thanks to lower electricity production costs, attributable to the introduction of market-based oil shale resource charges and low CO_2 emission allowance prices. Production growth was also supported by the Auvere power plant's more stable and larger output (+258 GWh).

Our renewable energy output amounted to 105.4 GWh (+25.9%, +21.7 GWh). Most of it was generated by wind farms, which produced 60.3 GWh of electricity. Thanks to better wind conditions and improved operational reliability, wind farms were also the main source of year on year growth in renewable energy output (+16.5 GWh, +37.8%).

Renewable energy and efficient co-generation support received by the Group amounted to 4.7 million euros (+0.8 million euros).

Key Figures of Electricity Product

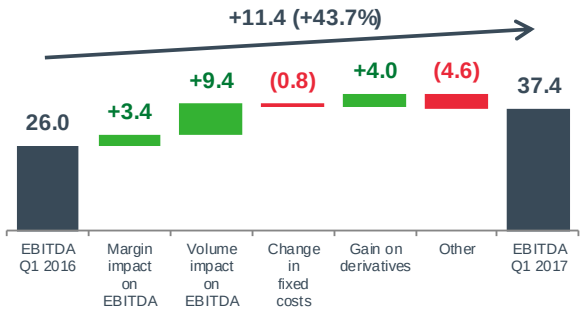
		Q1 2017	Q1 2016
Return on fixed assets*	%	12.1	4.7
Electricity EBITDA	€/MWh	15.4	12.9

* Excluding impairment of generation assets in December 2013 and December 2015

Electricity EBITDA

Electricity EBITDA grew by 43.7% to 37.4 million euros (+11.4 million euros).

Electricity EBITDA Development, m€



Growth in electricity sales volume increased EBITDA by 9.4 million euros and growth in gain on derivative instruments improved electricity EBITDA by 4.0 million euros. The impact of margin growth was +3.4 million euros (+1.4 €/MWh).

Average electricity sales price decreased by 4.3 €/MWh (impact -10.4 million euros). The decrease in sales price was offset by a decline in average variable costs (impact on EBITDA +13.8 million euros). Variable costs decreased mostly due to lower electricity purchase and border-crossing costs. Lower oil shale resource charges had also a positive impact.

The impact of a change in fixed costs was -0.8 million euros, including the impacts of repair costs of -1.7 million euros and inventory-related fixed costs of +0.6 million euros.

Other impacts of -4.6 million euros comprise a change in the value of derivative instruments (impact: -4.5 million euros) and recognition of larger environmental provisions (impact: -0.1 million euros).

Distribution

Distribution service is Eesti Energia's second-largest source of revenue and profit.

Distribution Sales Revenue, Sales Volume and Price

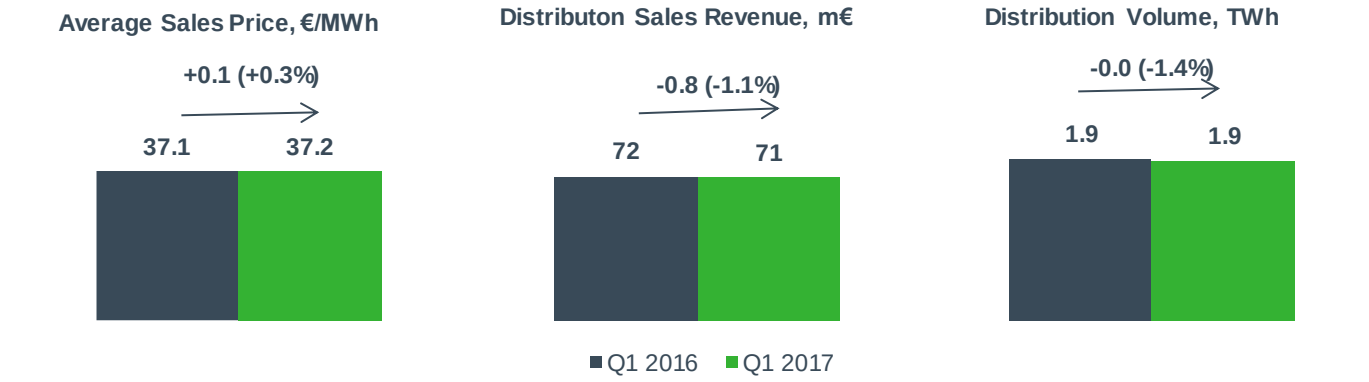
In Q1 2017, distribution sales revenue and sales volume decreased by 1.1% and 1.4% respectively. Sales revenue amounted to 71.3 million euros (-0.8 million euros) and sales volume to 1,914 GWh (-27.3 GWh).

The decrease in sales volume was attributable to warmer than usual weather.

In Q1 2017, the average distribution price was 37.2 €/MWh, 0.1 €/MWh higher than in Q1 2016.

Network Losses

Network losses totalled 87.9 GWh, i.e. 4.3% of electricity entering the network (Q1 2016: 89.6 GWh, i.e. 4.3%). Losses have decreased because new smart meters and balance meters measure quantities more accurately and help detect illegal and unmetered consumption more effectively.



Supply Interruptions

In Q1 2017, the average duration of unplanned interruptions was 14.7 minutes (27 minutes in Q1 2016). The average duration of planned interruptions was 18.9 minutes (20 minutes in Q1 2016). The duration of planned interruptions depends on the volume of network maintenance and renewal.

Key Figures of Distribution Product

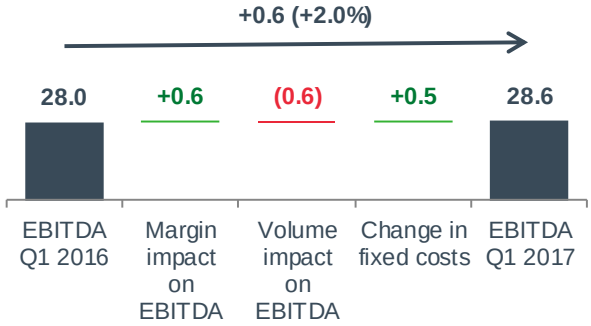
		Q1 2017	Q1 2016
Return on fixed assets	%	7.0	6.9
Distribution losses	GWh	87.9	89.6
SAIFI	index	0.21	0.35
SAIDI (unplanned)	index	15	27
SAIDI (planned)	index	19	20
Adjusted RAB	m€	758	729

The main factor that influences the number of interruptions is the weather which in Q1 2017 was more favourable than a year earlier. Power outages can be reduced by replacing regular overhead lines with weather-resistant cables. At the end of Q1 2017, 80% of Elektrilevi's low-voltage network and 37% of its medium-voltage network was weather-proof.

Distribution EBITDA

In Q1 2017, distribution EBITDA grew by 2.0% to 28.6 million euros (+0.6 million euros) year on year.

Distribution EBITDA Development, m€



The growth in distribution EBITDA was supported by margin growth, which had an impact of +0.6 million euros, and a decrease in fixed costs, which had an impact of +0.5 million euros. Margin change included a rise in the average price of the distribution service (impact: +0.2 million euros) and a decrease in variable costs (impact: +0.6 million euros).

Fixed costs decreased mainly due to lower repair costs.

The decline in sales volume lowered EBITDA by 0.6 million euros.

Shale Oil

Shale oil production has strong potential but is strongly influenced by fluctuations in relevant market prices.

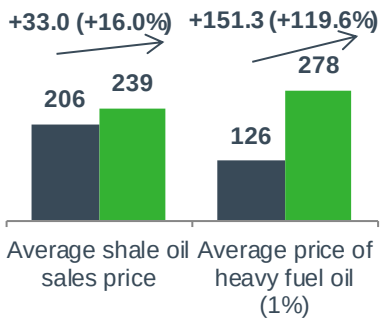
The recovery in market prices which in Q1 2016 were exceptionally low had a positive impact on Eesti Energia's Q1 results.

Shale Oil Sales Revenue and Sales Volume

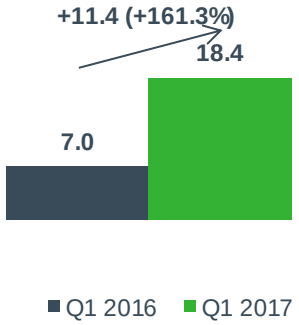
In Q1 2017, we sold 77.0 thousand tonnes of shale oil which generated sales revenue of 18.4 million euros.

Compared with Q1 2016, sales revenue grew by 161% (+11.4 million euros) and sales volume increased by 125% (+42.8 thousand tonnes). Shale oil sales revenue and sales volume grew substantially because the world market prices of liquid fuels were considerably higher than a year earlier.

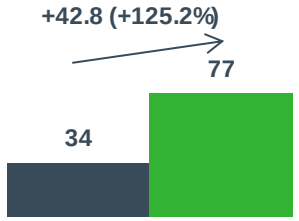
Average Shale Oil Sales Price, €/t



Shale Oil Sales Revenue, m€



Shale Oil Sales Volume, '000 tonnes



Average Sales Price

In Q1 2017, the average sales price of shale oil increased by 16.0% to 239.1 €/t (+33.0 €/t) year on year. The rise is mainly attributable to an uptrend in the world market prices of liquid fuels.

Derivative transactions of the period resulted in a loss 37.5 €/t. In Q1 2016, derivative transactions resulted in a gain of 68.6 €/t. Excluding the impact of derivative instruments, in Q1 2017 the average sales price of shale oil was 276.5 €/t (+101%, +139.0 €/t).

The world market price of the reference product, heavy fuel oil, increased by 120% year on year.

Shale Oil Production Volume

In Q1 2017, we produced 101.3 thousand tonnes of shale oil, 52.4% (+34.8 thousand tonnes) more than in Q1 2016. The spectacular rise in output stems from the fact that in Q1 2016 when the market price of shale oil was the lowest we carried out planned oil plant repairs but in Q1 2017 we operated our plants, where possible, at full capacity.

Key Figures of Shale Oil Product

		Q1 2017	Q1 2016
Return on fixed assets*	%	-2.5	4.9
Shale oil EBITDA	€/t	72.6	20.9

* Rolling 12 months

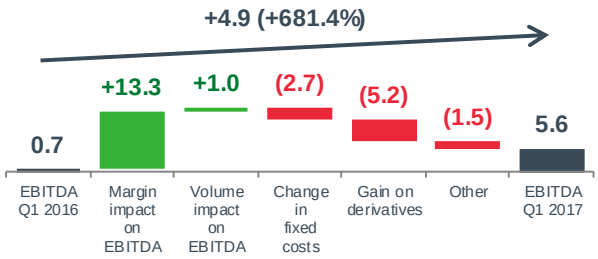
The output of the new Enefit280 oil plant grew to 50.1 thousand tonnes (+31.1%, +11.9 thousand tonnes) thanks to an improvement in its operational reliability.

The output of the Enefit140 oil plants grew, year on year, by 81.0% (+22.9 thousand tonnes). The rise is mainly attributable to the fact that for most of Q1 2016 the plants were closed for complete overhaul.

Shale Oil EBITDA

In Q1 2017, shale oil EBITDA improved by 681% to 5.6 million euros (+4.9 million euros).

Shale Oil EBITDA Development, m€



The decline in the gain on derivative instruments reduced shale oil EBITDA by 5.2 million euros

The impact of growth in shale oil sales volume was +1.0 million euros. Margin growth improved EBITDA by 13.3 million euros (+172.9 €/t). The impact of a higher average sales price was +10.7 million euros and lower variable costs increased shale oil EBITDA by 2.6 million euros. Variable costs decreased mostly due to lower oil shale resource charges.

The impact of a change in fixed costs was -2.7 million euros. Its largest components were inventory-related fixed costs (impact: -2.9 million euros) and a decline in repair expenses (impact: +0.3 million euros).

The impact of other items was -1.5 million euros, consisting mainly of a change in the value of derivative instruments.

Other Products and Services

Sale of heat, natural gas, and industrial equipment supplements Eesti Energia's product portfolio and generates additional revenue.

Since October 2016, Eesti Energia has been selling natural gas to both business and residential customers. In Q1 2017, our retail sales of natural gas in the Estonian market totalled 169 GWh.

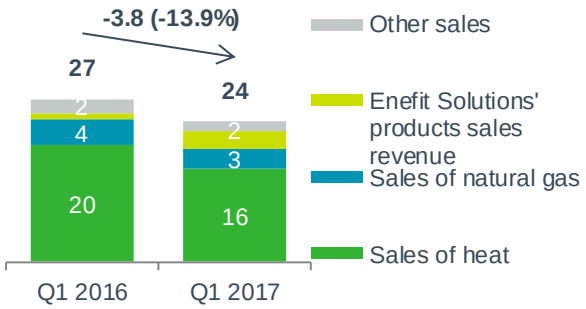
In terms of customers' gas energy consumption, our market share in the Estonian market was 20%.

Sales Revenue on Other Products and Services

In Q1 2017, other products and services generated sales revenue of 23.6 million euros. Sales revenue decreased by 13.9% (-3.8 million euros) year on year.

Revenue on other products and services declined primarily due to lower heat sales revenue, which dropped by 3.8 million euros (-19.6%) year on year. The quantity of heat energy sold to customers decreased by 120 GWh (-21.8%).

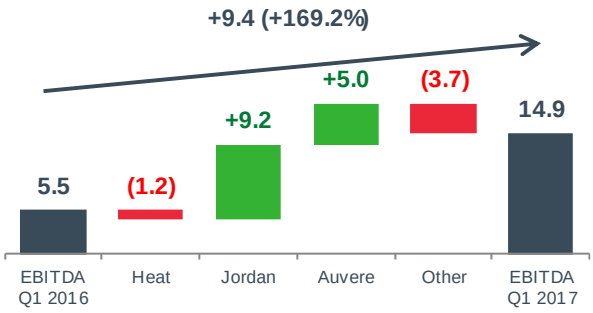
Sales Revenues From Other Products and Services, m€



EBITDA on Other Products and Services

In Q1 2017, EBITDA on other products and services grew by 169.2% to 14.9 million euros (+9.4 million euros) year over year.

Other EBITDA Development, m€



The impact of liquidated damages related to the delay in the delivery of the Auvere power plant was +5.0 million euros. The figure comprises liquidated damages agreed with the builder which accrue on a monthly basis until the delivery of the plant.

Sale of a stake in the oil shale electricity project in Jordan had a +9.2 million euro impact on Q1 EBITDA.

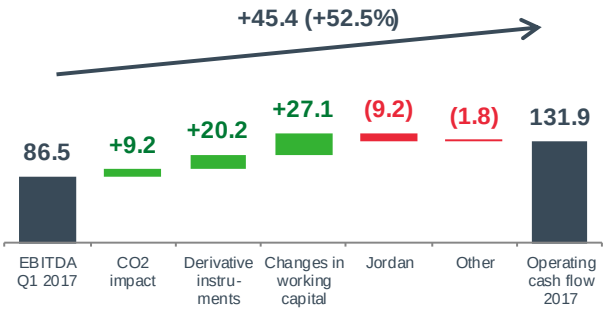
Heat EBITDA decreased by 1.2 million euros due to smaller sales volume.

Other items reduced EBITDA by a total of 3.7 million euros.

Cash Flows

The Group's net operating cash flow for Q1 2017 amounted to 131.9 million euros. Compared to EBITDA (86.5 million euros), net operating cash flow was 52.5%, i.e. 45.4 million euros, larger.

EBITDA to Operating Cash Flows Development, m€



A decrease in receivables increased the Group's operating cash flow relative to EBITDA (86.5 million euros) by 27.1 million euros.

Above all, receivables decreased through the settlement of liquidated damages related to the Auvere power plant of 24.8 million euros (the damages are settled in instalments).

The impact of settlements related to CO_2 emission allowances was +9.2 million euros.

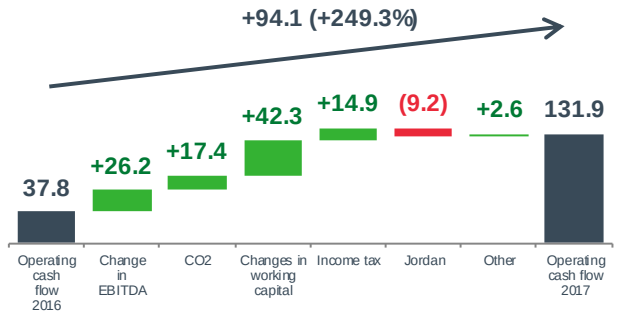
The impact of derivatives (excluding CO_2 instruments) was +20.2 million euros, from electricity derivatives +16.2 million euros and from oil derivatives +4.0 million euros. The impact of derivative instruments comprises both monetary and non-monetary items.

The Jordanian transaction increased the Group's EBITDA relative to operating cash flow by 9.2 million euros.

Other impacts totalled -1.8 million euros, including the impact of the recognition of network connection fees of -1.9 million euros.

Compared with Q1 2016, operating cash flow increased by 249.3% (+94.1 million euros).

Operating Cash Flow Changes, m€



The impact of changes in working capital, compared with Q1 2016, was +42.3 million euros. The impact of liquidated damages related to the Auvere power plant was +24.8 million euros, the impact of a decrease in the settlement of short-term liabilities was +9.5 million euros and the impact of a change in inventories was +5.5 million euros. The change in inventories resulted mostly from a change in oil shale inventories (in Q1 2016, oil shale inventories grew by 8.0 million euros, in Q1 2017 they grew by 4.3 million euros).

The impact of derivative instruments (excluding CO_2 instruments) was +17.4 million euros, consisting of the impacts of electricity derivatives of +27.7 million euros and oil derivatives of -10.3 million euros.

In Q1 2016, we paid income tax on a dividend distribution. In Q1 2017 there was no such payment, which increased operating cash flow by 14.9 million euros.

The EBITDA component of the cash flows for Q1 2017 was additionally influenced by the Jordanian transaction, which had an impact of +9.2 million euros.

Other impacts totalled +2.6 million euros. The difference in settlements related to CO_2 emission allowances had an impact of +1.9 million euros.

[3] Compared to the interim report for Q1 2016 operating cash flows have been adjusted due to the specification of an accounting policy

Strategy

Foundations for new success

In 2016, we worked out Eesti Energia's new strategic action plan for the period 2016-2020, which was approved in June the same year.

The goal of the five-year strategy is to gradually increase Eesti Energia's EBITDA and create a basis for long-term competitiveness, profitability and ability to pay the owner dividends in a situation where market prices are low.

The new strategy has five main focus areas:

1. Increasing the competitiveness of production assets which use oil shale
2. Ensuring the sustainability of oil shale energy
3. Creating new renewable energy capacities
4. Growing in new electricity and gas markets in the Baltic Sea area
5. Increasing the competitiveness of the distribution network operator Elektrilevi

Within the focus areas, the launch of 12 development projects and initiatives has already been agreed.

Activities related to strategic initiatives in Q1 2017

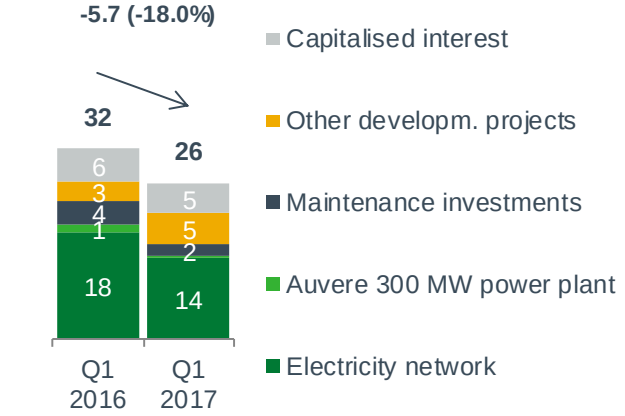
- P**roject for increasing the share of oil shale gas burnt by generating unit 8 of the Eesti power plant**: the draft technical design was completed and preparations were made for the procurement of baseline testing the outcomes of which will serve as a basis for guarantees for the technological parameters.
- **Project for opening the Narva underground mine**: we announced a public tender for the procurement of a longwall complex.

Investment

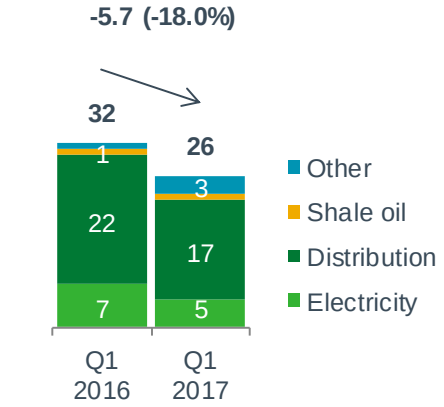
Our capital expenditures for Q1 2017 totalled 26.0 million euros, 18% (-5.7 million) down from the figure for Q1 2016. Expenditures on the distribution network totalled 13.5 million euros (-23.7%, -4.2 million euros) and maintenance and repair expenditures (excluding the distribution network) amounted to 2.1 million euros (-47.5%, -1.9 million euros).

Maintenance and repair expenditures decreased at Enefit Kaevandused by 0.7 million euros (-29.9%) and Enefit Energiatootmine by 0.5 million euros (-45.1%).

Capex Breakdown by Projects, m€



Investment Breakdown by Products, m€



New Strategic Development Projects

In the period 2017-2021 we will carry out a number of projects outlined in our strategic action plan, which are aimed at increasing Eesti Energia's competitiveness.

In Q1 2017, capital expenditures on the projects listed in the strategic action plan totalled 4.1 million euros. Out of this amount 2.2 million euros was invested in the project for increasing the share of oil shale gas burnt in generating unit 8 of the Eesti power plant. The total cost of the project is 15.1 million euros.

Auvere Power Plant

- In Q1 2017 the construction of fabric filters continued. The installation of fabric filters must ensure that the particle emissions of the plant remain within regulatory limits.
- According to plan, the builder, General Electric, will transfer operation of the plant to Eesti Energia in October 2017.

The construction of the Auvere power plant began in 2011. The Auvere power plant is a modern 300 MW circulating fluidised bed (CFB) power plant where oil shale fuel can be supplemented with wood chips (up to 50%), peat (up to 20%) and oil shale gas (up to 10%). The plant's maximum annual net generation is around 2.2 TWh, i.e. it can cover around one fourth of Estonia's annual electricity consumption.

The planned cost of the project is 638 million euros. By the end of Q1 2017, 567 million euros (89%) of this had been invested.

The plant began operating in 2015 but its delivery has been delayed because during the testing and commissioning period it appeared that under certain conditions its particle emissions exceed regulatory limits. To remedy the deficiency it was agreed that the builder, General Electric, would install additional fabric filters. Related construction work began in Q4 2016.

According to the agreement, the plant which meets all contractual parameters will be delivered to Eesti Energia in October 2017. Until then the Auvere power plant will operate at modes and loads where its emissions meet all requirements.

In Q1, work on the fabric filters continued. Steel structures for the filters and foundations for flue gas ducts were built in March. Installation of the structures will continue and assembly of the equipment will begin in Q2.

In Q1 2017, the gross output of the Auvere power plant was around 518 GWh.

Improvement of Network Quality

In Q1 2017, capital expenditures on the maintenance and consistent improvement of the quality of the distribution network totalled 13.5 million euros (Q1 2016: 17.7 million euros). During the quarter, 47 substations and 640 kilometres of network were built (Q1 2016: 48 substations and 421 kilometres of network).

At the end of Q1 2017, 80% of the low-voltage network operated by Eesti Energia's subsidiary Elektrilevi was weather-proof (at the end of Q1 2016: 72%). In a year, the weather-proof network increased by 2,542 km and the bare conductor network decreased by 2,594 km.

At period-end, 62% of the entire low- and medium-voltage network was weatherproof (at the end of Q1 2016: 57%). In a year, the weather-proof network increased by 2,723 km.

Electricity and Oil Production Projects in Jordan

- In Q1 2017, China's government approved the credit guarantee for the electricity project in Jordan, which allowed completing the project's financing activities.
- Through a share sale transaction, Eesti Energia's interest in the electricity project in Jordan decreased from 65% to 10%.
- With the transaction, we covered our development investments of 30.6 million US dollars (28.6 million euros) and earned a profit of 19.8 million US dollars (18.5 million euros).

In 2006, Eesti Energia began to invest in the construction an oil shale power plant and an oil industry in Jordan by harnessing decades of experience gained in the development of oil shale energy in Estonia.

In 2016, we signed a share sale agreement with Guangdong Yudean Group from China for divesting 55% of our interest in the electricity project in Jordan. In addition, the project's investors and Chinese banks signed financing agreements of 1.6 billion US dollars (approx. 1.5 billion euros) and agreements required for obtaining a credit guarantee.

In Q1 2017, the government of China approved the credit guarantee for the electricity project in Jordan. This allowed completing the project's financing activities and beginning the construction of the power plant. Jordan's first oil shale power plant with a gross capacity of 554 MW and a net capacity of 470 MW should be completed in 2020.

The share sale transaction by which our stake in the electricity project decreased from 65% to 10% was finalised in Q1 2017. The project partners are YTL Power International Berhad from Malaysia with a 45% interest and Guangdong Yudean Group Co from China with a 45% interest.

Eesti Energia's interest in the oil project remains 65%. The project partners are YTL Power International Berhad from Malaysia with a 30% interest and Near East Investment from Jordan with a 5% interest. The next steps in the oil project will be decided in 2017.

Financing

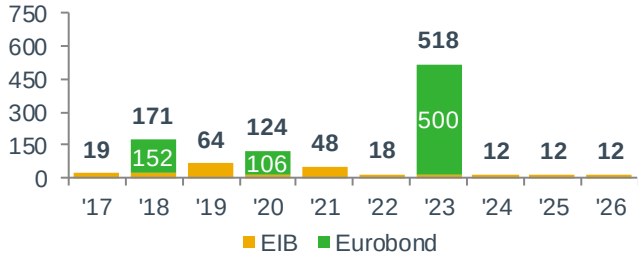
Eesti Energia's main sources of debt capital are the international bond market and investment loans from the European Investment Bank (EIB). These are complemented with liquidity loans and guarantee facilities obtained from regional banks.

At the end of Q1 2017, the nominal value of the Group's borrowings was 998.6 million euros (999.2 million euros at the end of 2016). The amortised cost of the Group's borrowings was 941.0 million euros (939.8 million euros at the end of 2016).

At the reporting date, long-term borrowings comprised Eurobonds listed on the London Stock Exchange with a nominal value of 758.3 million euros and loans from the EIB with a nominal value of 240.3 million euros.

During the quarter we made EIB regular loan repayments of 0.7 million euros. There were no other changes in borrowings.

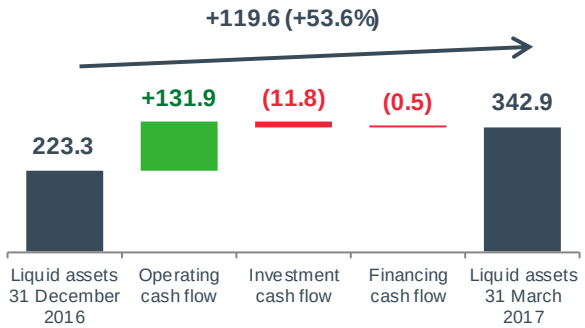
Debt Maturity, m€



At the end of Q1 2017, the Group's liquid assets stood at 342.9 million euros. In addition, the Group had undrawn loans of 220 million euros. The figure comprises bilateral revolving credit facilities of 150 million euros in total, signed with two regional banks (SEB and OP Corporate Bank), which will mature in July 2020, and a long-term loan agreement of 70 million euros signed with EIB (can be drawn down until October 2017).

At the reporting date, the Group's credit ratings were BBB (Standard & Poor's, outlook negative) and Baa3 (Moody's, outlook stable).

Liquidity Development in Q1 2017, m€



At the end of Q1 2017, the weighted average interest rate of Eesti Energia's borrowings was 2.65%, which is at the same level as at the end of 2016.

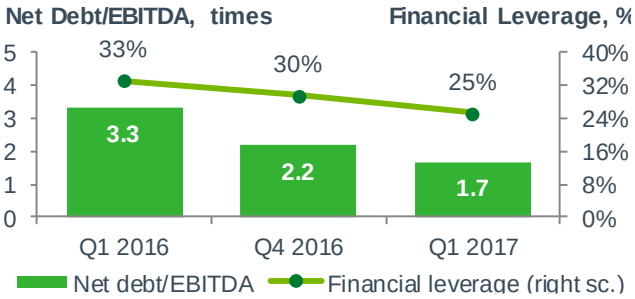
The Group has predominantly hedged the risk resulting from fluctuations in the base interest rate: for 95% of borrowings the base interest rate is fixed until maturity and 5% of borrowings have floating rates. All borrowings are denominated in euros.

At the end of Q1 2017, the Group's net debt amounted to 598.1 million euros (-118.4 million euros compared to the end of 2016).

At the reporting date, the net debt to EBITDA ratio was 1.7 (2.2 at the end of 2016). The objective of Eesti Energia's financing policy is to maintain the net debt to EBITDA ratio below 3.5.

Under its loan agreements, Eesti Energia has to comply with certain financial covenants. At the end of Q1 2017, the Group's financial indicators complied with all contractual covenants.

Net Debt/EBITDA Ratio and Financial Leverage



Outlook for 2017

The Group's outlook for 2017 has not changed compared with the forecast presented in the annual report for 2016. We expect that in 2017 our sales revenue and capital expenditures will increase and EBITDA will decrease compared with 2016. Excluding the impacts of exceptional items (liquidated damages related to the Auvere power plant of 68.6 million euros and the retrospective reduction of resource charges of 14.2 million euros) on 2016, EBITDA for 2017 will remain at the same level as in 2016.

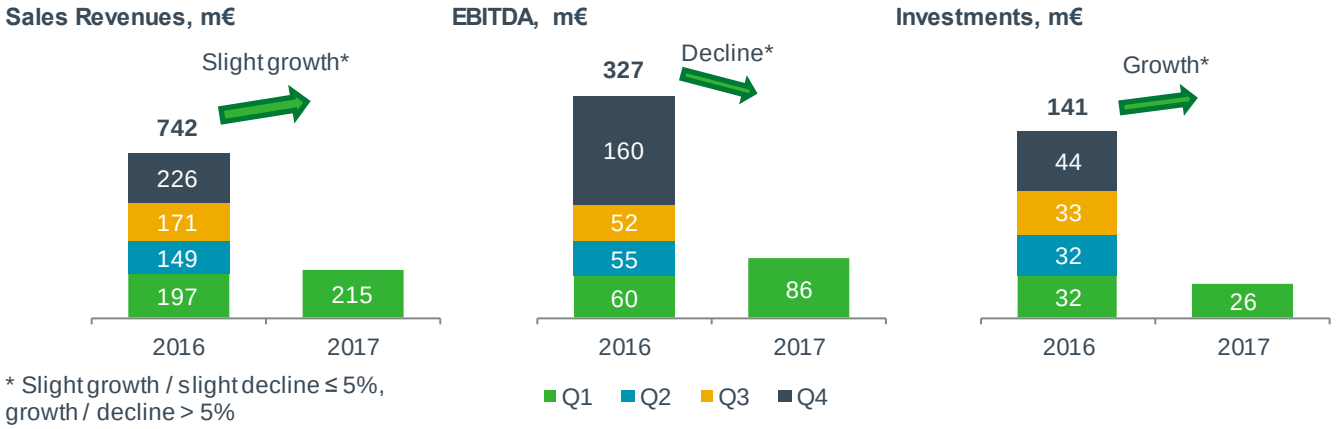
Electricity sales revenue should be positively influenced by the rise expected in the average sales price of electricity, which will also have an impact on electricity EBITDA.

We expect that in 2017 our electricity output will increase.

Shale oil sales revenue and shale oil EBITDA will probably increase because the market price of shale oil will be higher.

Capital expenditures will increase in 2017, mainly through growth in the volume of development projects. According to plan, the largest capital outlays will be the final payment for the Auvere power plant and the investments made in the Tootsi wind farm.

We are planning to pay the owner for 2016 a dividend of 47.0 million euros, which will be accompanied by income tax expense of 11.8 million euros.



Hedging Transactions

Eesti Energia's revenues from electricity and liquid fuel sales depend on global market prices. The key factors which influence our performance indicators are electricity price on the Nord Pool power exchange and the world market price of fuel oil with 1% sulphur content, which is the reference product for shale oil.

Our forward sales for delivery in 2017 comprise 2.7 TWh of electricity (including forward sales in the retail market) at an average price of 33.5 €/MWh and 239.0 thousand tonnes of shale oil at an average price of 238.4 €/t. Forward sales for delivery in 2018 comprise 1.0 TWh of electricity at an average price of 33.3 €/MWh and 214.0 thousand tonnes of shale oil at an average price of 255.3 €/t.

Our CO_2 emission allowance position for 2017 amounts to 9.1 million tonnes at an average price of 5.6 €/t (comprises futures, free emission allowances transferred as investment support and the surplus of previous periods). The position for 2018 amounts to 2.2 million tonnes (comprises free emission allowances transferred as investment support).

Condensed Consolidated Interim Income Statement and Statement of Comprehensive Income

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

in million EUR	Note	Q1 2017	Q1 2016	12m 2017/16	12m 2016/15
Revenue	3	215.3	197.0	760.4	753.9
Other operating income	4	24.8	4.8	109.3	14.5
Government grants		0.1	0.1	0.4	0.4
Change in inventories of finished goods and work-in-progress		3.3	5.2	(16.5)	29.1
Raw materials and consumables used		(90.7)	(95.9)	(284.7)	(331.8)
Payroll expenses		(35.7)	(33.3)	(132.6)	(138.0)
Depreciation, amortisation and impairment		(34.1)	(35.3)	(142.3)	(208.8)
Other operating expenses		(30.6)	(17.6)	(82.8)	(90.0)
OPERATING PROFIT		**52.4**	**25.0**	**211.2**	**29.3**
Financial income		0.1	0.1	0.2	4.9
Financial expenses		(4.9)	(5.6)	(13.3)	(16.6)
Net financial income (expense)		**(4.8)**	**(5.5)**	**(13.1)**	**(11.7)**
Profit from associates using equity method		0.7	(0.1)	1.9	2.5
PROFIT BEFORE TAX		**48.3**	**19.4**	**200.0**	**20.1**
CORPORATE INCOME TAX EXPENSE		**-**	**-**	**(0.1)**	**(14.9)**
PROFIT FOR THE PERIOD		**48.3**	**19.4**	**199.9**	**5.2**
Equity holder of the Parent Company		**48.4**	**19.3**	**200.0**	**5.0**
Non-controlling interest		**(0.1)**	**0.1**	**(0.1)**	**0.2**
Basic earnings per share (euros)	9	0.08	0.03	0.32	0.01
Diluted earnings per share (euros)	9	0.08	0.03	0.32	0.01

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in million EUR	Q1 2017	Q1 2016	12m 2017/16	12m 2016/15
PROFIT FOR THE PERIOD	**48.3**	**19.4**	**199.9**	**5.2**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Revaluation of hedging instruments	21.2	(0.7)	(23.4)	(13.5)
Currency translation differences attributable to foreign subsidiaries	(0.4)	(1.0)	1.5	(1.7)
Other comprehensive income for the period	**20.8**	**(1.7)**	**(21.9)**	**(15.2)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**69.1**	**17.7**	**178.0**	**(10.0)**
Equity holder of the Parent Company	**69.2**	**17.6**	**178.1**	**(10.2)**
Non-controlling interest	**(0.1)**	**0.1**	**(0.1)**	**0.2**

Condensed Consolidated Interim Statement of Financial Position

in million EUR	Note	31.03.2017	31.03.2016	31.13.2016
Non-current assets				
Property, plant and equipment	6	2,461.4	2,470.9	2,469.3
Intangible assets		39.4	39.3	40.2
Investments in associates		2.8	2.5	2.0
Derivative financial instruments	7	0.8	-	-
Long-term receivables		33.6	34.4	39.1
Total non-current assets		**2,538.0**	**2,547.1**	**2,550.6**
Current assets				
Inventories		67.3	79.5	65.2
Greenhouse gas allowances		47.3	33.5	47.3
Trade and other receivables		148.7	107.7	199.4
Derivative financial instruments	6	6.9	25.4	1.4
Cash and cash equivalents		342.9	160.8	223.3
Total current assets		**613.1**	**406.9**	**536.6**
Total assets	**3**	**3,151.1**	**2,954.0**	**3,087.2**
EQUITY				
Capital and reserves attributable to equity holder of the Parent Company				
Share capital	8	621.6	621.6	621.6
Share premium		259.8	259.8	259.8
Statutory reserve capital		62.1	62.1	62.1
Hedge reserve		(7.3)	16.1	(28.5)
Unrealised exchange rate differences		11.5	10.0	11.9
Retained earnings	9	818.6	618.8	770.2
Total equity and reserves attributable to equity holder of the Parent Company		**1,766.3**	**1,588.4**	**1,697.1**
Non-controlling interest		**0.8**	**1.2**	**0.9**
Total equity		**1,767.1**	**1,589.6**	**1,698.0**
LIABILITIES				
Non-current liabilities				
Borrowings	10	921.7	933.6	920.6
Other payables		2.0	1.1	1.8
Derivate financial instruments	7	0.3	-	6.1
Deferred income		184.9	172.5	181.0
Provisions	12	30.4	31.3	30.7
Total non-current liabilities		**1,139.3**	**1,138.5**	**1,140.2**
Current liabilities				
Borrowings	10	19.3	19.3	19.3
Trade and other payables		142.4	142.5	155.4
Derivative financial instruments	7	7.9	12.1	16.5
Provisions	12	75.1	52.0	57.8
Total current liabilities		**244.7**	**225.9**	**249.0**
Total liabilities		**1,384.0**	**1,364.4**	**1,389.2**
Total liabilities and equity		**3,151.1**	**2,954.0**	**3,087.2**

Condensed Consolidated Interim Statement of Cash Flows

in million EUR	Note	Q1 2017	Q1 2016	12m 2017/16	12m 2016/15
Cash flows from operating activities					
Cash generated from operations	11	131.9	52.7	317.9	237.4
Interest and loan fees paid		(0.1)	(0.1)	(30.3)	(44.0)
Interest received		0.1	0.1	0.2	0.5
Corporate income tax paid		-	(14.9)	(0.1)	(14.9)
Net cash generated from operating activities		**131.9**	**37.8**	**287.7**	**179.0**
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets		(32.7)	(39.6)	(119.8)	(202.3)
Proceeds from connection and other fees		5.2	2.7	17.7	14.1
Proceeds from sale of property, plant and equipment		0.5	0.3	5.0	2.5
Net change in deposits not recognised as cash equivalents		-	-	-	144.0
Loans granted	13	(33.3)	(1.5)	(36.2)	(4.4)
Repayments of loans granted	13	28.4	-	28.4	
Dividends received from long-term financial investments		1.6	2.0	1.6	3.9
Proceeds from repurchase of shares and liquidation of associate	13	18.5	-	18.5	-
Net cash used in investing activities		**(11.8)**	**(36.1)**	**(84.8)**	**(42.2)**
Cash flows from financing activities					
Received long-term loans		0.2	-	0.2	30.4
Repayments of bank loans		(0.7)	(0.7)	(19.3)	(6.9)
Repayments of other loans		-	-	(0.7)	(0.1)
Acquisition of non-controlling interest in a subsidiary		-	-	(0.9)	-
Dividends paid		-	-	(0.1)	(61.9)
Net cash used in financing activities		**(0.5)**	**(0.7)**	**(20.8)**	**(38.5)**
Net cash flows		**119.6**	**1.0**	**182.1**	**98.3**
Cash and cash equivalents at the beginning of the period		223.3	159.8	160.8	62.5
Cash and cash equivalents at the end of the period		342.9	160.8	342.9	160.8
Net increase / (-) decrease in cash and cash equivalents		**119.6**	**1.0**	**182.1**	**98.3**

Condensed Consolidated Interim Statement of Changes in Equity

in million EUR	Attributable to equity holder of the Parent Company						Non-controlling interest	Total
	Share capital	Share premium	Statutory legal reserve	Other reserves	Retained earnings	Total		
Equity as at 31.12.2015	**621.6**	**259.8**	**62.1**	**27.8**	**599.5**	**1,570.8**	**1.1**	**1,571.9**
Profit for the period	-	-	-	-	19.3	19.3	0.1	19.4
Other comprehensive income for the period	-	-	-	(1.7)	-	(1.7)	-	(1.7)
Total comprehensive income for the period	**-**	**-**	**-**	**(1.7)**	**19.3**	**17.6**	**0.1**	**17.7**
Total transactions with owners of the company, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Equity as at 31.03.2016	**621.6**	**259.8**	**62.1**	**26.1**	**618.8**	**1,588.4**	**1.2**	**1,589.6**
Equity as at 31.12.2016	**621.6**	**259.8**	**62.1**	**(16.6)**	**770.2**	**1,697.1**	**0.9**	**1,698.0**
Profit for the period	-	-	-	-	48.4	48.4	(0.1)	48.3
Other comprehensive income for the period	-	-	-	20.8	-	20.8	-	20.8
Total comprehensive income for the period	**-**	**-**	**-**	**20.8**	**48.4**	**69.2**	**(0.1)**	**69.1**
Total transactions with owners of the company, recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Equity as at 31.03.2017	**621.6**	**259.8**	**62.1**	**4.2**	**818.6**	**1,766.3**	**0.8**	**1,767.1**

Additional information about equity is disclosed in Note 8.

Notes to the Condensed Interim Consolidated Financial Statement

1. Accounting Policies

These condensed consolidated interim financial statements have been prepared in accordance with **International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations** as adopted by the European Union. These consolidated interim condensed financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". While preparing the interim report at hand, the same accounting principles as in the annual report for the financial year ended on 31.12.2016 have been applied. The report does not hold all the information that must be presented in a complete annual report so it should be read together with the audited consolidated annual report for the financial year that ended on 31 December 2016.

The amendments to previously published International Financial Reporting Standards and International Financial Reporting Interpretations Committee interpretations that became mandatory for the Group from 1 January 2017 did not have any impact on the Group's accounting policies and financial statements.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

According to the Management Board the interim report prepared for the period 1 January 2016 - 31 March 2017 presents a true and fair view of the financial position, the cash flows and the results of operations of Eesti Energia AS and its subsidiaries (Group).

The information contained in the interim financial statements has not been audited or otherwise verified by auditors.

2. Financial Risk Management

2.1. Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2016. There have been no material changes in any risk management policies compared to the previous year end.

2.2. Fair Value Estimation

The tables below analyse financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2);
- inputs for the asset or liability that are not based on observable market data (Level 3).

The following tables present the Group's assets and liabilities that are measured at fair value by the level in the fair value hierarchy as at 31 March 2017 and 31 December 2016:

31 March 2017

in million EUR	Level 1	Level 2	Level 3	Total
Assets				
Trading derivatives (Note 7)	5.6	2.1	-	7.7
Total financial assets	**5.6**	**2.1**	**-**	**7.7**
Liabilities				
Trading derivatives (Note 7)	2.8	5.4	-	8.2
Total financial liabilities	**2.8**	**5.4**	**-**	**8.2**

31 December 2016

in million EUR	Level 1	Level 2	Level 3	Total
Assets				
Trading derivatives (Note 7)	0.4	0.4	-	0.8
Cash flow hedges (Note 7)	-	(0.1)	0.7	0.6
Total financial assets	**0.4**	**0.3**	**0.7**	**1.4**
Liabilities				
Trading derivatives (Note 7)	-	2.0	-	2.0
Cash flow hedges (Note 7)	1.3	19.3	-	
Total financial liabilities	**1.3**	**21.3**	**-**	**22.6**

2. Financial Risk Management, cont.

2.2. Fair Value Estimation, cont.

Valuation techniques and inputs used on measurement in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.In level 1 are classified the Group's electricity derivatives that have been cleared in Nasdaq OMX.

Valuation techniques and inputs used on measurement in level 2

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. An instrument is included in level 2 if all the significant inputs required to establish the fair value of the instrument are observable. If one or more significant inputs are not based on observable market data, an instrument is included in level 3. The value of trading derivatives and cash flow hedges are found using notations of Nasdaq OMX, ICE, Platt's European Marketscan and Nymex.

- The fair value of forward, swap and future contracts is determined using forward prices at the balance sheet date, with the resulting value discounted back to present value.

Valuation techniques and inputs used on measurement in level 3

All instruments in Level 3 are options. The fair value of options is found using analytical solution of Turnbull-Wakeman Asian-type option pricing, inputs for which include the futures price, the strike price, volatility of the underlying, the risk free interest rate, time to maturity, time to the beginning of average period, the already realised average futures price during the average period.

The following table represents the changes in Level 3 instruments for the period 1 January – 31 March 2017:

in million EUR	Cash flow hedges	Total
Opening balance at 1 January 2017	0.7	0.7
Settlements (receipts)	(0.7)	(0.7)
Closing balance at 31 March 2017	**-**	**-**

2. Financial Risk Management, cont.

2.3. Fair Value of Financial Assets and Liabilities Measured at Amortised Cost

The fair value of bonds and bank loans:

in million EUR	31.03.2017	31.12.2016
Nominal value of bonds	758.3	758.3
Market value of bonds on the basis of quoted sales price	811.4	816.0
Nominal value of bank loans with fixed interest rate	192.5	192.5
Fair value of bank loans with fixed interest rate	197.6	197.1
Nominal value of bank loans with floating interest rate	47.8	48.5
Fair value of bank loans with floating interest rate	47.8	48.5

The bonds are denominated in euros and listed on the London Stock Exchange. The fair value of the bonds is based on the input that is within level 1 of the fair value hierarchy; the fair value of bank loans with fixed interest rate is based on the cash flows discounted using input that is within level 3 of the fair value hierarchy.

Management estimates that the fair value of the loans with a floating interest rate at the end of reporting and comparative period does not differ from their carrying amounts as the risk margins have not changed.

Other financial assets and liabilities of which fair value is approximate to their carrying amount:

- Trade and other receivables
- Deposits not recognised as cash equivalents
- Cash and cash equivalents
- Trade and other payables

3. Segment Reporting

For the purposes of monitoring the Group's performance and making management decisions, the Management Board uses product-based reporting. The Group has determined main products and services, i.e. value-creating units that generate external revenues and profit, and has built up a methodology of allocation of revenues and expenses, and assets to the products.

The Group has distinguished three main products and services, which are presented as separately reportable segments, and a number of minor products and services that are presented together as "Other segments":

1) electricity (production and sale of electricity generated from renewable and non-renewable sources, and electricity trading);
2) distribution (sale of electricity distribution network services on regulated market and sale of additional services by Elektrilevi);
3) shale oil (production and sale of liquid fuels);
4) other products and services (including production and sale of heat, construction of power engineering equipment and services, sale of old metal, sale of mining products, sale of gas, other products and services).

Other segments include co-products which individual share of the Group's revenue and EBITDA is immaterial. Non of these co-products meet the quantitative thresholds that would require reporting separate information.

Segment revenues include revenues from external customers only, generated by the sale of respective products or services.

All operating expenses of the Group are allocated to the products and services to which they relate. If a product (eg electricity) is created by several Group entities in a vertically integrated chain, then the related expenses include the production cost of each entity involved in preparation of the product (eg the cost of electricity includes the cost of oil shale used for its production). Group overheads are allocated to products and services proportionally to the services provided.

The Management Board assesses the performance of the segments primarily based on EBITDA and it also monitors operating profit. Finance income and expenses, and income tax are not allocated to the segments.

The Group's assets are allocated to the segments based on the same proportion as the related expenses. Liabilities are not allocated to the segments as they are managed centrally by the Group’s finance department.

As the segments are based on externally sellable products and services (as opposed to legal entities), there are no transactions between segments to be eliminated.

The sales prices of network charges need to be approved by the Estonian Competition Authority as stipulated by the Electricity Market Act of Estonia. The Estonian Competition Authority has an established methodology for approving the prices that considers the costs necessary to fulfil the legal obligations and ensures justified profitability on invested capital. Generally, the Estonian Competition Authority considers the annual average carrying amount of non-current assets plus 5% of external sales revenue as invested capital. The rate for justified profitability is the Company's weighted average cost of capital (WACC).

Also according to the District Heating Act the heating undertakings which sell heat to customers or to network operators who sell heat to customers or produce heat in the process of combined generation of heat and power must obtain the approval of the Competition Authority regarding the maximum price of the heat to be sold.

3. Segment Reporting, cont.

Revenue

The revenue from external customers reported to the management board of the Parent Company is measured in a manner consistent with that in the consolidated income statement.

REVENUE FROM EXTERNAL CUSTOMERS

in million EUR	Q1 2017	Q1 2016
Electricity	102.0	90.4
Distribution	71.3	72.1
Shale oil	18.4	7.0
Other products and services	23.6	27.5
Total	**215.3**	**197.0**

EBITDA

in million EUR	Q1 2017	Q3 2016 *
Electricity	37.4	26.0
Distribution	28.6	28.0
Shale oil	5.6	0.7
Other products and services	14.9	5.5
Total	**86.5**	**60.3**
Depreciation and amortisation	(34.1)	(35.3)
Net financial income (expense)	(4.8)	(5.5)
Profit from associates using equity method	0.7	(0.1)
Profit before tax	**48.3**	**19.4**

ASSETS

in million EUR	31.03.2017	31.03.2016*	31.12.2016
Electricity	1,288.7	1,219.4	1,271.2
Distribution	1,079.8	978.7	1,048.1
Shale oil	304.6	328.1	305.0
Other products and services	478.0	427.8	462.9
Total	**3,151.1**	**2,954.0**	**3,087.2**

* In connection with the adjustment of the methodology the comparative figures have been changed compared to the data disclosed in the interim report as at 31 March 2016.

4. Other operating income

in million EUR	3m 2017	3m 2016
Gain on disposal of associate	18.5	-
Fines, penalties and compensations	5.7	0.6
Gain from revaluation of derivatives	0.1	3.3
Other operating income	0.5	0.9
Total other operating income	**24.8**	**4.8**

In March 2017, Eesti Energia sold a 55% majority stake in the oil shale fired power plant project in Jordan. For further information, see Note 13.

5. Seasonality of Operating Profit

Temperature is the most important factor influencing the domestic electricity and heat demand. Lower temperatures in winter induce higher energy consumption and thus higher revenues and operating profit. In summer, higher temperatures lead to lower electricity and heat consumption and correspondingly to lower revenues and lower operating profit.

6. Property, Plant and Equipment

in million EUR	Land	Buildings	Const-ruction	Plant and equipment	Other	Construction in progress and prepayments	Total
Property, plant and equipment as at 31.12.2016							
Cost	43.0	249.3	989.7	2,061.7	6.2	604.2	3,954.1
Accumulated depreciation	-	(102.4)	(408.5)	(969.3)	(4.6)	-	(1,484.8)
Net book amount	43.0	146.9	581.2	1,092.4	1.6	604.2	2,469.3
Total property, plant and equipment as at 31.12.2016	**43.0**	**146.9**	**581.2**	**1,092.4**	**1.6**	**604.2**	**2,469.3**
Movements in the reporting period							
Purchases of property, plant and equipment	-	-	-	0.6	-	25.0	25.6
Depreciation charge	-	(1.4)	(6.8)	(24.9)	(0.1)	(0.2)	(33.4)
Exchange differences	(0.1)	-	-	-	-	-	(0.1)
Transfers	-	0.7	10.6	30.1	-	(41.4)	-
Total movements in 3m 2017 period	**(0.1)**	**(0.7)**	**3.8**	**5.8**	**(0.1)**	**(16.6)**	**(7.9)**
Property, plant and equipment as at 31.03.2017							
Cost	42.9	248.1	1,000.3	2,091.5	6.2	587.6	3,976.6
Accumulated depreciation	-	(101.9)	(415.3)	(993.3)	(4.7)	-	(1,515.2)
Net book amount	42.9	146.2	585.0	1,098.2	1.5	587.6	2,461.4
Total property, plant and equipment as at 31.03.2017	**42.9**	**146.2**	**585.0**	**1,098.2**	**1.5**	**587.6**	**2,461.4**

As at 31 March 2017, the Group had contractual liabilities relating to the acquisition of non-current assets totalling EUR 90.3 million (31 December 2016 EUR 86.2 million).

7. Derivative Financial Instruments

in million EUR	31.03.2017		31.12.2016	
	Assets	Liabilities	Assets	Liabilities
Future contracts for buying and selling electricity as cash flow hedges	-	-	(0.1)	1.3
Forward and future contracts for buying and selling electricity as trading derivatives	6.7	2.7	0.6	1.4
Future contracts for buying and selling greenhouse gas emissions allowances as trading derivatives	-	0.6	-	0.6
Swap, forward and option contracts for selling shale oil as cash flow hedges	-	-	0.7	19.3
Swap and option contracts for selling shale oil as trading derivatives	1.0	4.9	0.2	-
Total derivative financial instruments	**7.7**	**8.2**	**1.4**	**22.6**
including non-current portion:				
Swap, forward and option contracts for selling shale oil as cash flow hedges	0.8	0.3	-	6.1
Total non-current portion	**0.8**	**0.3**	**-**	**6.1**
Total current portion	**6.9**	**7.9**	**1.4**	**16.5**

8. Share Capital

As at 31 March 2017, Eesti Energia AS had 621 645 750 registered shares (31 December 2016: 621 645 750 registered shares). The nominal value of each share is 1 euro.

9. Earnings Per Share

Basic earnings per share are calculated by dividing profit attributable to the equity holder of the Parent Company by the weighted average number of ordinary shares outstanding. As there are no potential ordinary shares, diluted earnings per share equal to basic earnings per share all the periods.

	Q1 2017	Q1 2016	12m 2017/16	12m 2016/15
Profit attributable to the equity holders of the company (million EUR)	48.4	19.3	200.0	5.0
Weighted average number of shares (million)	621.6	621.6	621.6	621.6
Basic earnings per share (EUR)	0.08	0.03	0.32	0.01
Diluted earnings per share (EUR)	0.08	0.03	0.32	0.01

10. Nominal Value and Amortised Cost of Borrowings

in million EUR	31.03.2017		31.12.2016	
	Nominal value	Amortised cost	Nominal value	Amortised cost
Short- term borrowings				
Current portion of long-term bank loans	19.3	19.3	19.3	19.3
Total short-term borrowings	**19.3**	**19.3**	**19.3**	**19.3**
Long- term borrowings				
Bank loans	221.0	220.7	221.7	221.4
Bonds issued	758.3	701.0	758.3	699.2
Total long- term borrowings	**979.3**	**921.7**	**980.0**	**920.6**
Total borrowings	**998.6**	**941.0**	**999.3**	**939.9**

As at 31 March 2017 the Group had undrawn loan facilities of EUR 220.0 million (31 December 2016: EUR 220.0 million), the figure includes bilateral liquidity loan agreements with floating interest rate of EUR 150.0 million in aggregate, with SEB and OP Corporate bank, which will mature in five years (July 2020) and long-term investment loan agreement with EIB of EUR 70.0 million. The loan can be taken into use until October 2017.

11. Cash Generated from Operations

in million EUR	Q1 2017	Q1 2016	12m 2017/16	12m 2016/15
Profit before tax	**48.3**	**19.4**	**200.0**	**20.1**
Adjustments				
Depreciation and impairment of property, plant and equipment	33.4	33.9	137.9	203.3
Amortisation and impairment of intangible assets	0.7	1.4	4.4	5.5
Deferred income from connection and other service fees	(1.9)	(1.7)	(7.2)	(6.6)
Gain on disposal of property, plant and equipment	(0.3)	(0.2)	(1.2)	(1.4)
Gain on disposal of associate	(18.5)	-	(18.5)	-
Amortisation of government grant received to purchase non-current assets	(0.1)	(0.1)	(0.3)	(0.3)
Profit/loss from associates using equity method	(0.7)	0.1	(1.9)	(2.5)
Unpaid/unsettled gain/loss on derivatives	0.5	14.5	(9.7)	32.9
Loss from doubtful loan receivables	9.4	-	10.3	11.0
Foreign exchange gain/loss from lending in foreign currency	1.1	1.5	(1.7)	1.8
Interest expense on borrowings	3.3	3.7	14.1	13.2
Interest and other financial income	(0.1)	(0.1)	(0.2)	(4.9)
Adjusted net profit before tax	**75.1**	**72.4**	**326.0**	**272.1**
Net change in current assets relating to operating activities				
Change in receivables related to operating activities	28.3	3.5	(45.3)	2.8
Change in inventories	(2.1)	(7.6)	12.2	(32.8)
Net change in other current assets relating to operating activities	20.8	(12.9)	(9.6)	25.7
Total net change in current assets relating to operating activities	**47.0**	**(17.0)**	**(42.7)**	**(4.3)**
Net change in current liabilities relating to operating activities				
Change in provisions	17.0	12.4	21.6	(17.0)
Change in trade payables	(1.6)	(6.9)	10.8	(7.7)
Net change in liabilities relating to other operating activities	(5.6)	(8.2)	2.2	(5.7)
Total net change in liabilities relating to operating activities	**9.8**	**(2.7)**	**34.6**	**(30.4)**
Cash generated from operations	**131.9**	**52.7**	**317.9**	**237.4**

12. Provisions

in million EUR	Opening balance 31.12.2016	Recognition and reversal of provisions	Interest charge	Use	Closing balance 31.03.2017	
					Short term provision	Long term provision
Environmental protection provisions	27.6	0.1	0.2	(0.5)	5.7	21.7
Provision for termination of mining operations	0.8	-	-	-	0.1	0.7
Employee related provisions	5.3	-	-	(0.2)	0.7	4.4
Provision for dismantling cost of assets	3.5	-	0.1	-	-	3.6
Provision for greenhouse gas emissions	47.0	17.3	-	-	64.3	-
Provision for obligations arising from treaties	4.3	-	-	-	4.3	-
Total provisions	**88.5**	**17.4**	**0.3**	**(0.7)**	**75.1**	**30.4**

13. Disposal of associate

On 16 March 2017, Attarat Power Company (APCO) reached financial close for its oil shale fired power plant in Jordan. In connection with the financial close, a shale sale agreement took effect by which Eesti Energia reduced its previous 65% interest in APCO to 10%. Eesti Energia's proceeds from the disposal of a 55% majority stake amounted to USD 50.4 million, consisting of a settlement for loans provided of USD 30.6 million and a sales premium of USD 19.8 million. Following the transaction, APCO's shareholders are YTL Power International (Malaysia) with 45% interest, Guangdong Yudean Group Co. Limited (China) with 45% interest, and Eesti Energia with 10% interest.

The shareholders have undertaken to contribute USD 528 million to the equity of the electricity project. Eesti Energia's financing obligation amounts to USD 53 million. To date, Eesti Energia has financed the project to the extent of USD 34.5 million. The rest of the financing will be provided in line with the project plan.

14. Related Party Transactions

The sole shareholder of Eesti Energia AS is the Republic of Estonia. In preparing the Group's financial statements, the related parties include associates, members of the management and supervisory boards of the parent company, and other companies over which these persons have significant influence.
Related parties also include entities under the control or significant influence of the state.

TRANSACTIONS WITH ASSOCIATES

in million EUR	3m 2017	3m 2016
Purchase of goods	5.3	4.4
Sale of services	-	0.2
Loans granted	33.3	1.5

RECEIVABLES FROM ASSOCIATES AND PAYABLES TO ASSOCIATES

in million EUR	31.03.2017	31.12.2016
Receivables	44.4	51.7
incl long-term loan receivables	44.4	50.1
Allowance for doubtful loan receivables	(12.1)	(12.2)
Payables	3.4	3.3
incl long-term payables	2.0	1.8

Upon premature termination of the service contract with a member of the Management Board, the service contracts stipulate the payment of 3 months' remuneration as termination benefits. During the period 1 January - 31 March 2017 remuneration to management and supervisory boards amounted to EUR 0.9 million.

In purchasing and selling network services, the prices set by the Estonian Competition Authority are used. All other transactions are concluded using agreed prices.

The sales of electricity, network services and heat to the entities over which the state has control or significant influence have been taken place under normal business activity. The Group has performed in the reporting and comparative period purchase and sales transactions in the material amounts with Elering AS, which is fully state-owned enterprise.

TRANSACTIONS WITH ELERING AS

in million EUR	3m 2017	3m 2016
Purchase of services	28.9	28.8
Purchase of goods	3.3	2.5
Purchase of property, plant and equpiment and prepayments	-	0.1
Sale of goods and services (incl. renewable energy grant)	5.9	5.6

RECEIVABLES FROM ELERING AS AND PAYABLES TO ELERING AS

in million EUR	31.03.2017	31.12.2016
Receivables	2.5	2.8
Payables	20.0	19.9

Glossary

Arbitrage – Concurrent purchase and sale of goods or securities of the same kind in different markets to earn a profit on the difference in market prices

Maintenance and repair expenditures – Expenditures incurred to maintain the existing production capacities

MWh – megawatt hour. 1 MWh is 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

Circulating fluidised bed (CFB) technology – Circulating fluidised bed combustion technology whereby larger (unburnt) particles are returned to the furnace

Clean Dark Spread (CDS) – Eesti Energia's margin between the price of electricity (in NP Estonia) and oil shale costs and CO_2 costs (taking into account the price of CO_2 allowance futures maturing in December and the amount of CO_2 emitted in the generation of a MWh of electricity)

CO_2 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 (CO_2). The limit on the total number of emission allowances available gives them a monetary value

EBITDA margin – Earnings before interest, taxes, depreciation and amortisation divided by revenues

Eesti Energia market share on electricity retail market – Electricity sales to the final consumer divided by total electricity consumption in the area (including network losses)

FFO – Funds from operations. Cash flow from operations, excluding changes in working capital

Financial leverage – Net debt divided by the sum of net debt and equity

Future – A contract between counterparties which obligates to buy or sell an underlying asset (e.g. a commodity) at a pre-agreed price

Green paper on industrial policy – a document prepared by the state and employers' associations which outlines the bottlenecks of industrial development and suggests solutions for their elimination and improving industrial development

Level of water reservoirs – The largest part of the Nordic countries' electricity generation is based on hydro power whose output depends on the level of water reservoirs.

Liquidity – Amount of liquid assets. Sum of cash and cash equivalents, short term financial investments and deposits with a maturity of more than 3 months

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. To a lesser extent, 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

OHSAS, ISO 14001, HAZOP – International standards which deal with risk management in the area of occupational health and safety, the environment management system, and accident prevention

Oil shale resource charge – A charge to be paid to the state for the use of 1 tonne of oil shale located in the mineral deposit

OSAMAT – Management of Environmentally Sound Recycling of Oil Shale Ashes into Road Construction Products. Demonstration in Estonia – a project carried out to test the use of oil shale ash in road construction

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 excluding assets under construction (allocated to specific product).

ROIC – Return on Invested Capital, calculated by dividing operating profit by average invested capital

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

Tax footprint – An indicator which reflects the contribution made to society through taxes

Variable profit – Profit after deducting variable costs from sales revenues