

# Eesti Energia unaudited financial results for 2024 Q2

1 August 2024



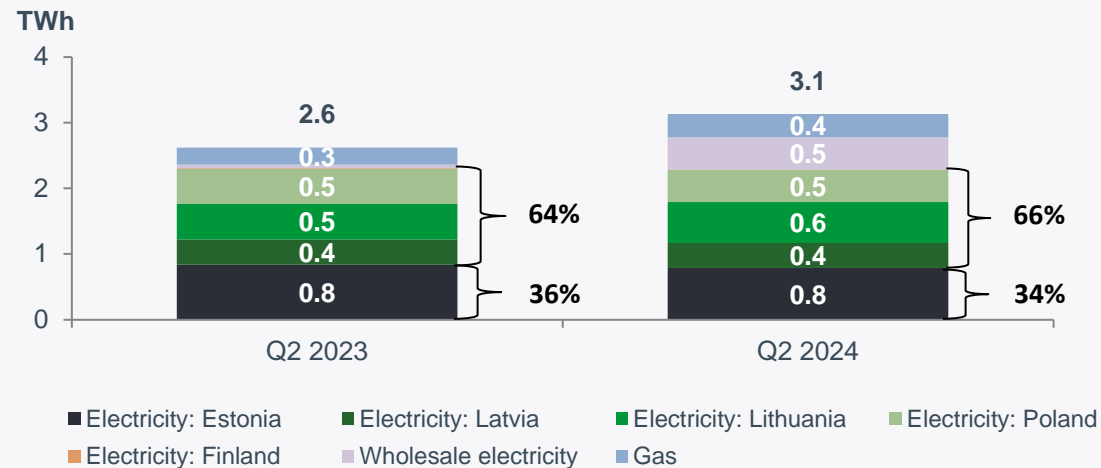
Eesti Energia

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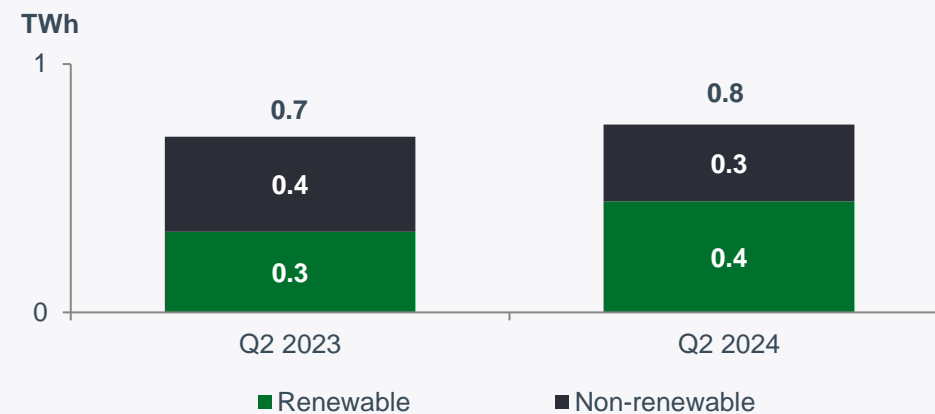
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# Sales and production information

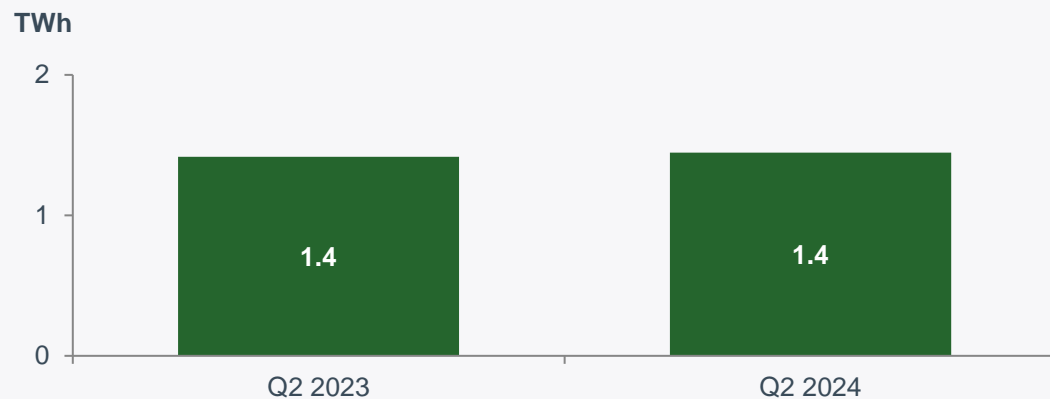
## Electricity and gas sales volume



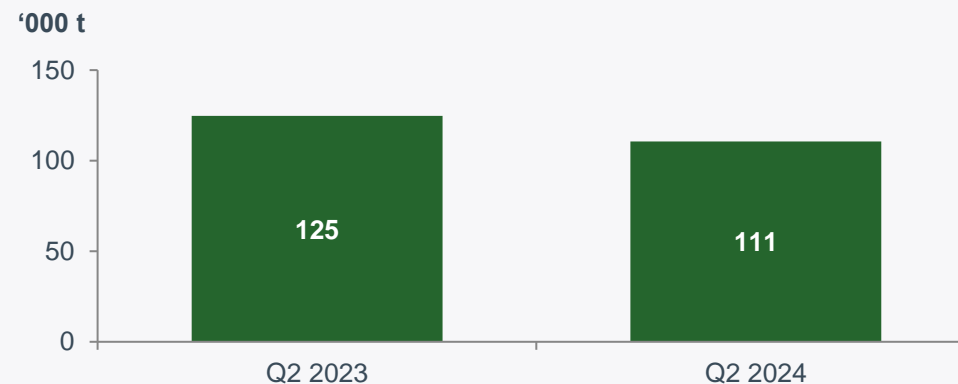
## Electricity production



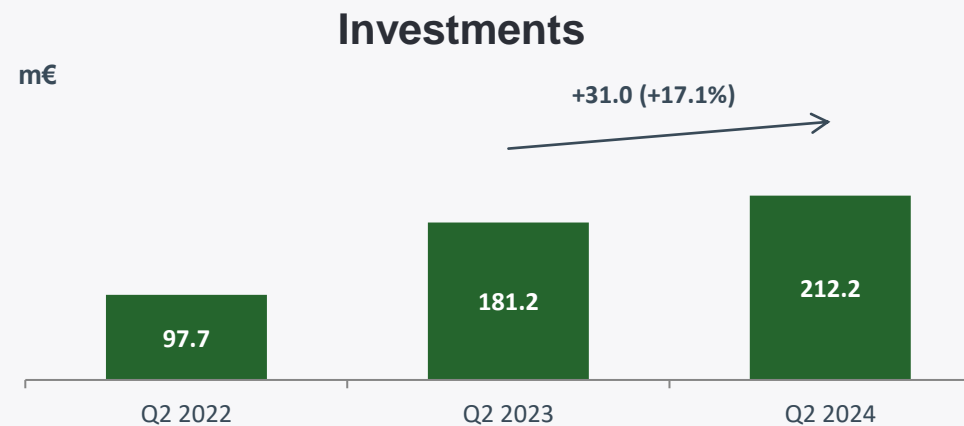
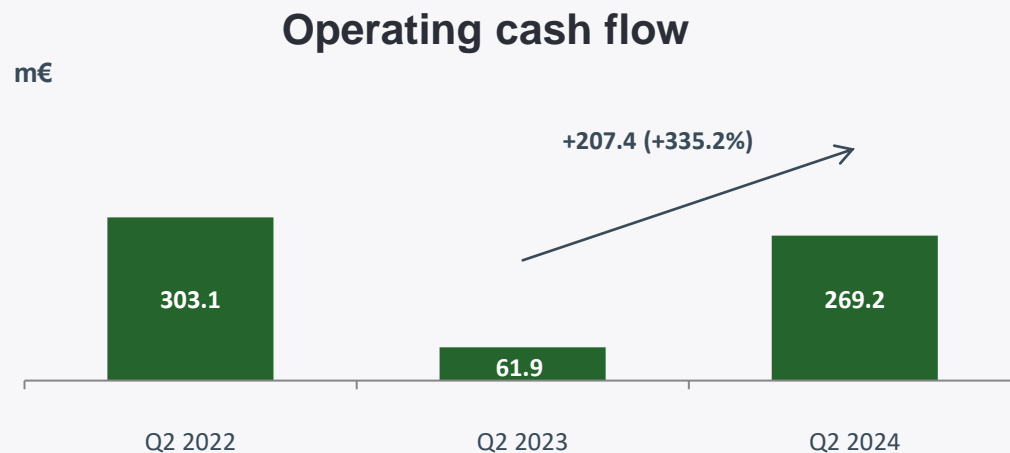
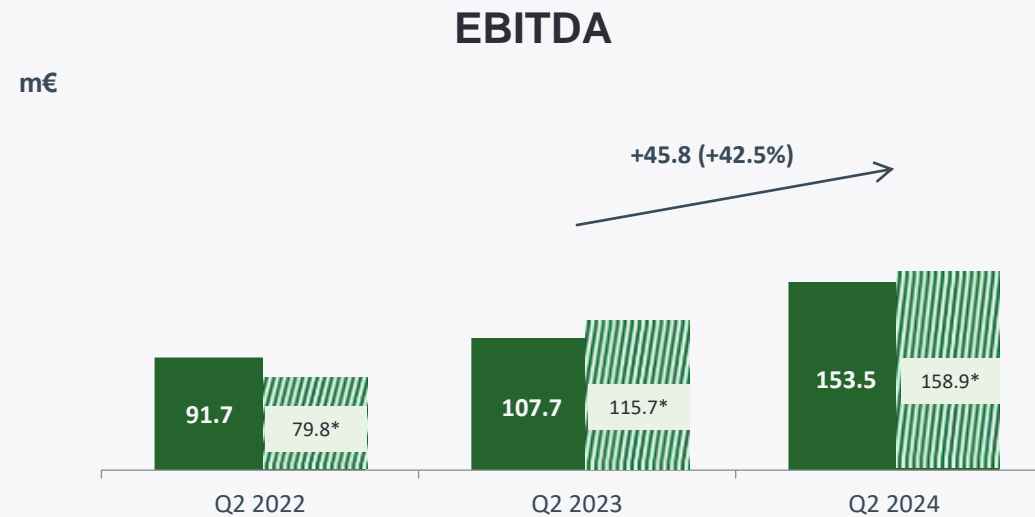
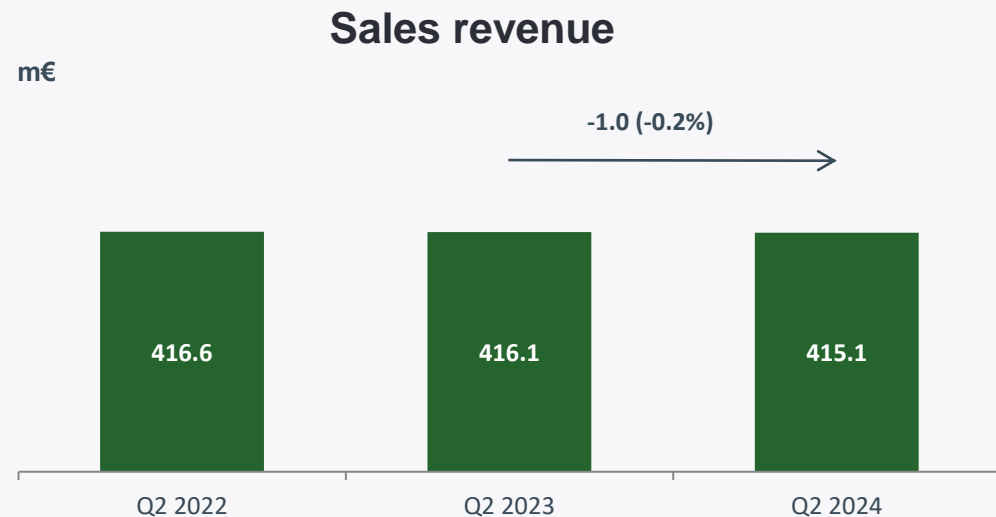
## Distribution sales volume



## Shale oil production



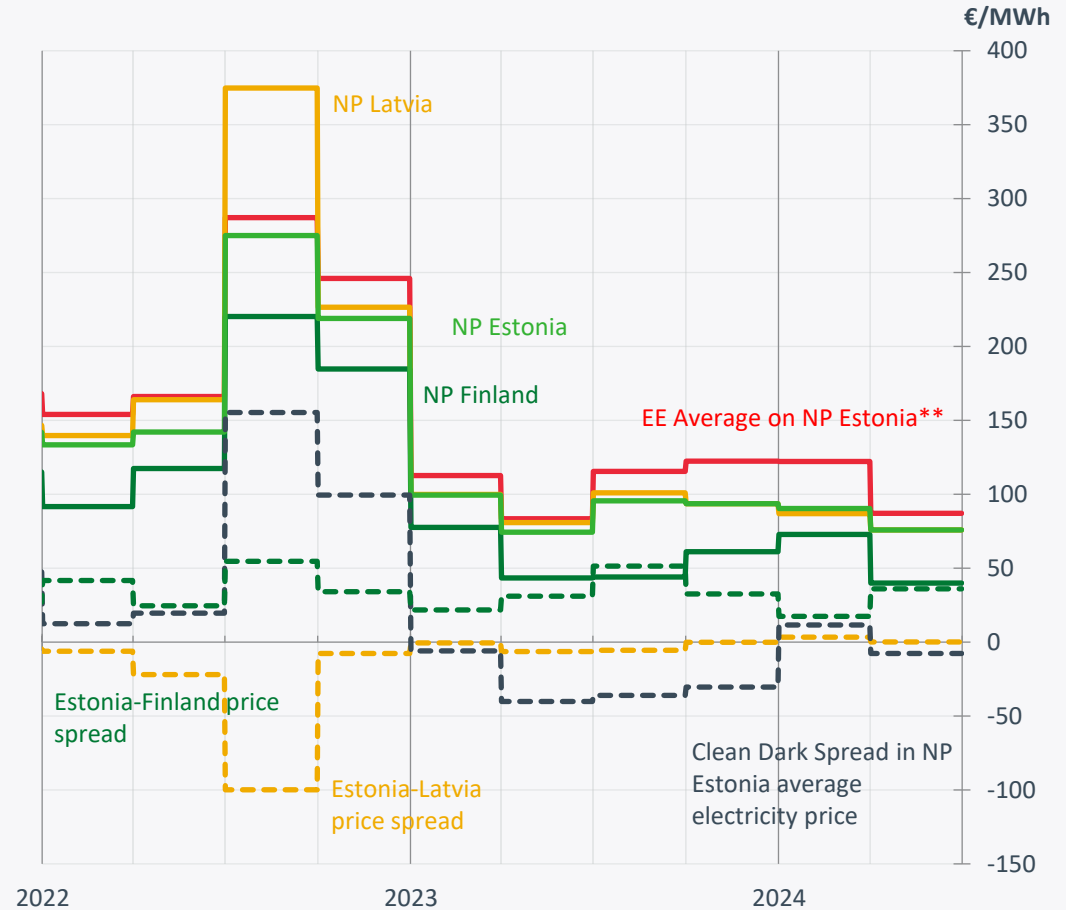
# Sales revenue stable y-o-y, EBITDA increased



# Nord Pool Baltic electricity prices generally decreased

- In 2024 Q2 electricity prices in Nord Pool Estonian price area increased slightly compared to 2023 Q2 while in other Baltic price areas and Finland the average price decreased in the range of 6-8%
- 2024 Q2 average price in Nord Pool Estonia price area was 76.0 €/MWh\* (+1.5 €/MWh, +2%)
- Price spread between Estonia and Finland average electricity price increased by 4.9 €/MWh y-o-y in Q2. 2024 Q2 average electricity price in Estonia was 36.0 €/MWh higher than in Finland
- Price spread between Estonia and Latvia average electricity price narrowed by 6.5 €/MWh y-o-y in Q2. 2024 Q2 average price in Estonia was 0.1 €/MWh higher than in Latvia

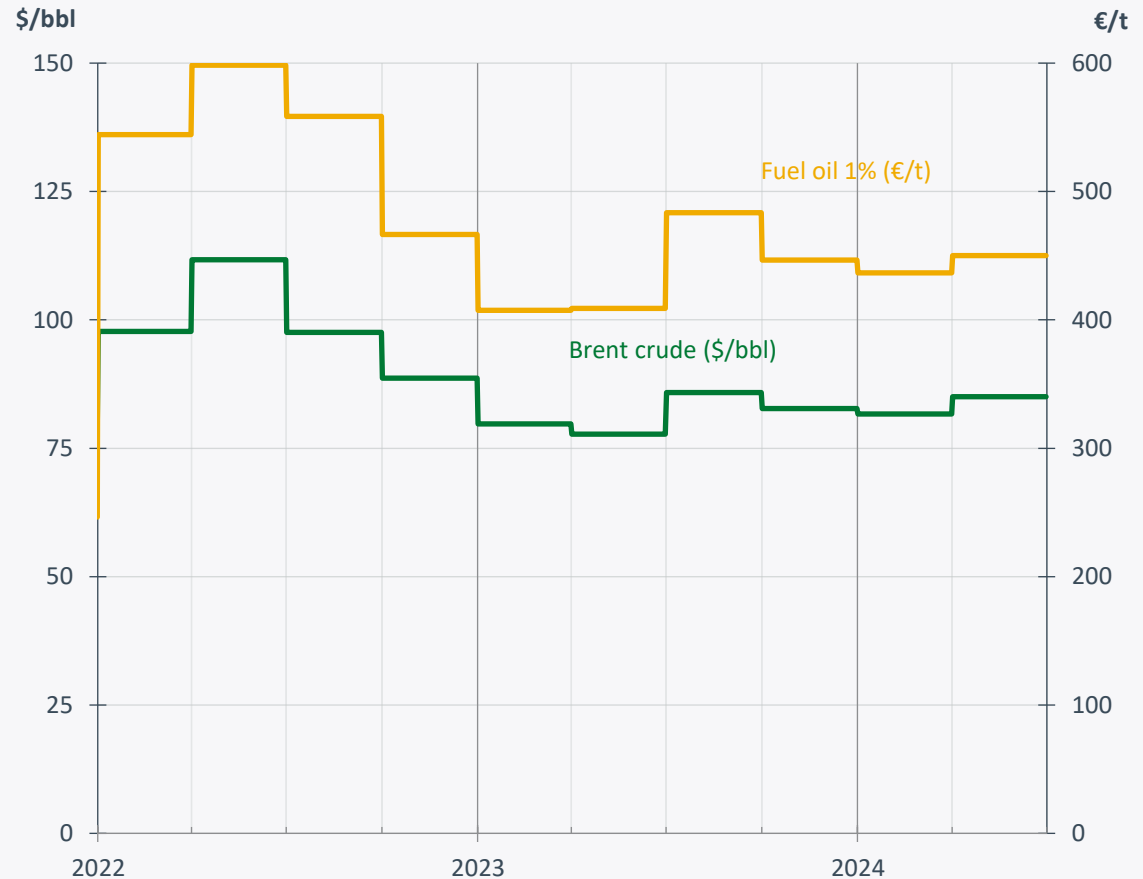
## Average quarterly Nord Pool electricity prices



# Prices of Brent crude oil and fuel oil increased

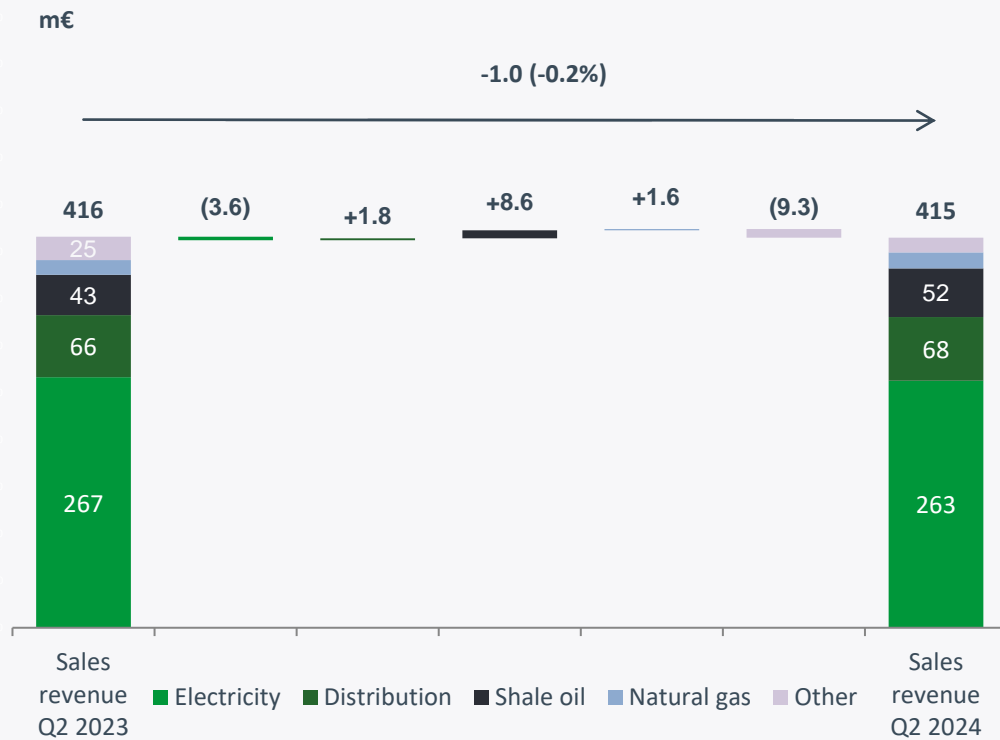
- Average price of Brent crude oil in 2024 Q2 was 85.0 \$/bbl (+7.3 \$/bbl, +9%)
  - In 2024 Q2, liquid fuel prices were mainly influenced by production cuts and increased demand for fuel oil.
- Average price of fuel oil (1% Sulphur content) in 2024 Q2 was 450.0 €/t (+41.1 €/t, +10%). The changes of oil product prices and fuel oil prices are comparable in 2024 Q2

Average quarterly fuel oil and Brent crude oil prices

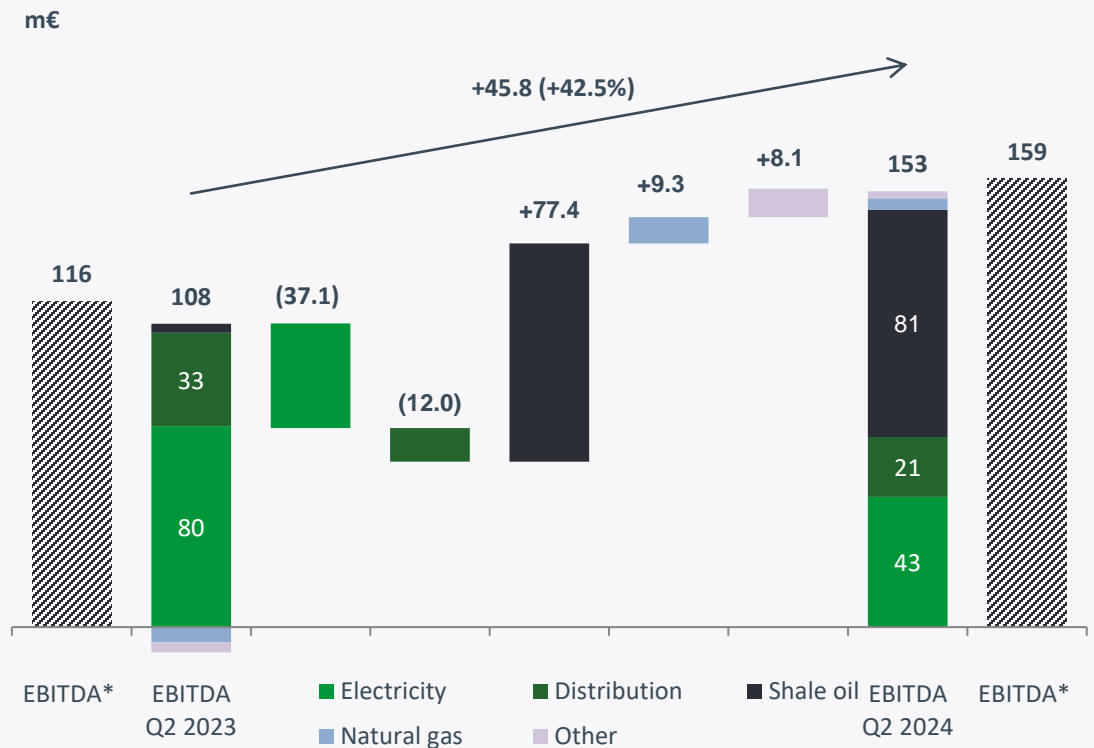


# Group's sales revenue stable y-o-y, EBITDA increased

## Sales revenue breakdown and Y-o-Y change



## EBITDA breakdown and Y-o-Y change

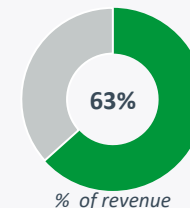




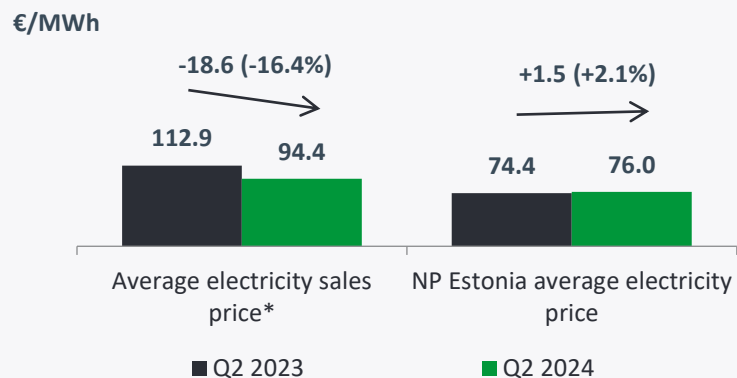
# Electricity



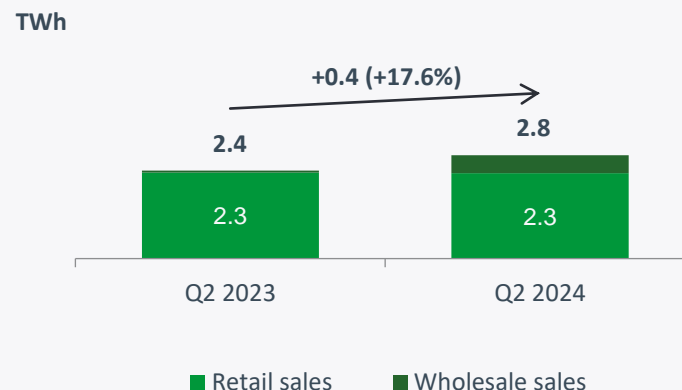
# Electricity sales revenue stable y-o-y



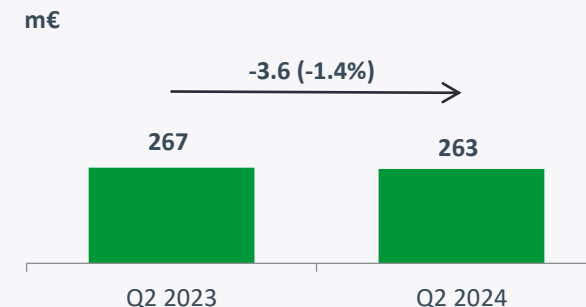
## Average electricity sales price



## Electricity sales volume

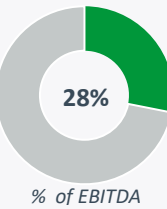


## Electricity sales revenue



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

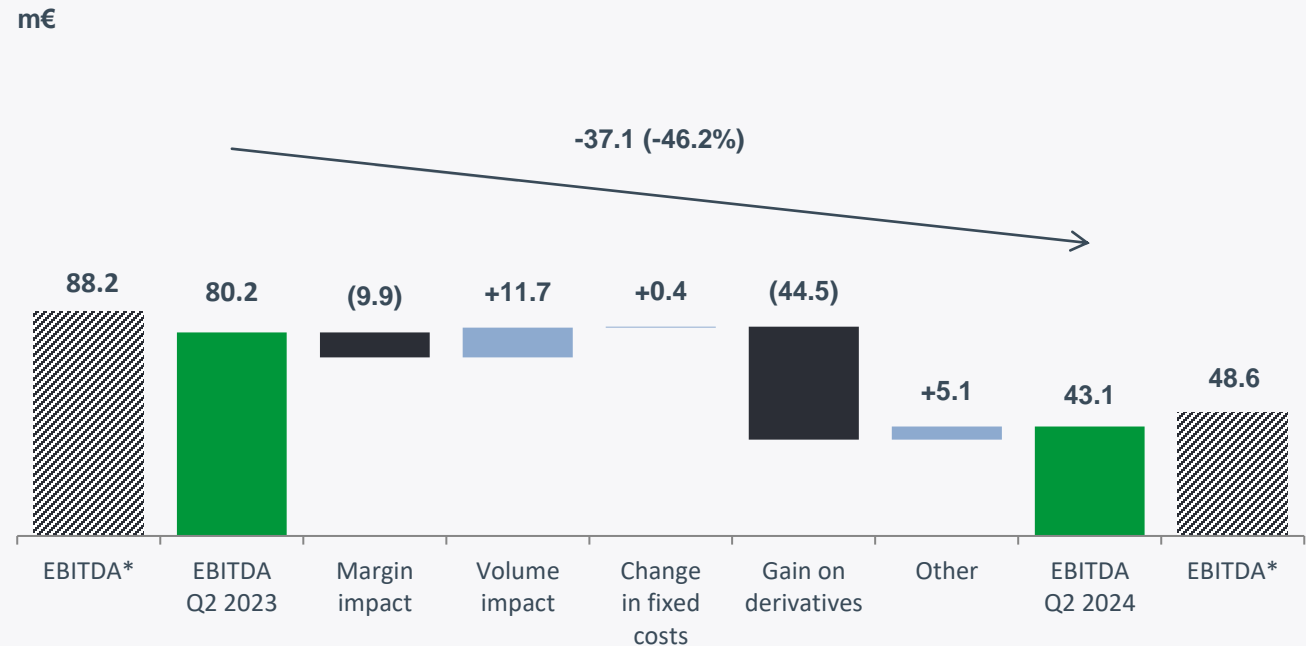
- Average electricity sales price\* decreased to 94.4 €/MWh (-18.6 €/MWh, -16%)
  - Gain on derivatives impacted price by 0.0 €/MWh (+0.4 €/MWh Y-o-Y; in abs. terms €0.0m, +€1.0m Y-o-Y)
  - Average electricity sales price including derivatives decreased to 94.4 €/MWh (-18.1 €/MWh Y-o-Y, -16%)
- Electricity sales volume was 2.8 TWh (+0.4 TWh, +18%). Retail sales broke down between markets as follows: Estonia 786 GWh (-50 GWh), Latvia 382 GWh (-1 GWh), Lithuania 625 (+81 GWh), Poland 489 GWh (-46 GWh) and Finland 9 GWh (-3 GWh).
- Electricity generation amounted to 0.8 TWh (+0.05 TWh, +7%). Production of renewable electricity increased to 0.4 TWh (+0.1 TWh, +38%). The main growth drivers were newly completed wind farms and wind farms under construction, which generated almost 121 GWh of wind power.
- For 2024 Q3-Q4 we have hedged power production against price risk in the amount of 0.1 TWh with an average price of 151.2 €/MWh. For 2025 we have hedged power production against price risk internally in the amount of 0.1 TWh with an average price of 144.4 €/MWh



# Electricity EBITDA decreased by €37m

- ✗ Total margin impact -€9.9m (-3.6 €/MWh). Lower sales, price impact (incl. renewable subsidies) -18.4 €/MWh, total -€51.1m. Lower variable costs impact +14.8 €/MWh, total +€41.2m, mainly from lower CO<sub>2</sub> emission costs.
- ✓ Sales volume increased by 18%, impact on EBITDA +€11.7m
- ✓ Fixed costs impacted EBITDA by +€0.4m
- ✗ Gain on derivatives impacted EBITDA by -€44.5m (gain on derivatives +€47.6m in 2023 Q2, +€3.1m in 2024 Q2)
- ✓ Other changes impacted EBITDA by +€5.1m, mainly related to change in value of derivative instruments and power purchase agreements for renewable energy

## Electricity EBITDA development

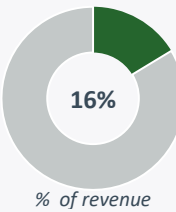


Adjusted\* EBITDA decreased to €48.6m (-€39.6m, -45%)

# Distribution

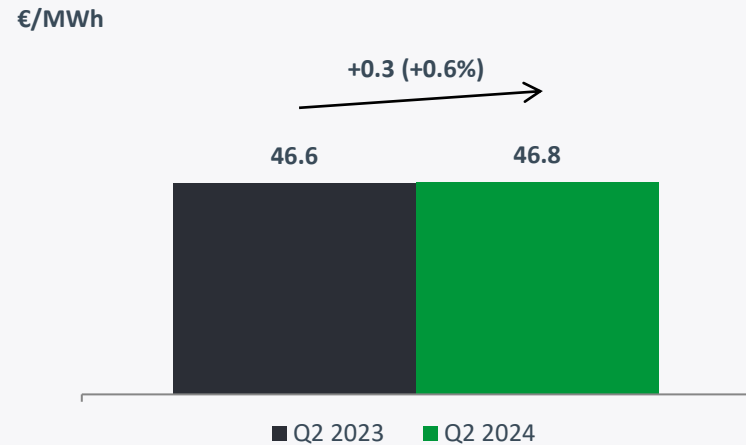


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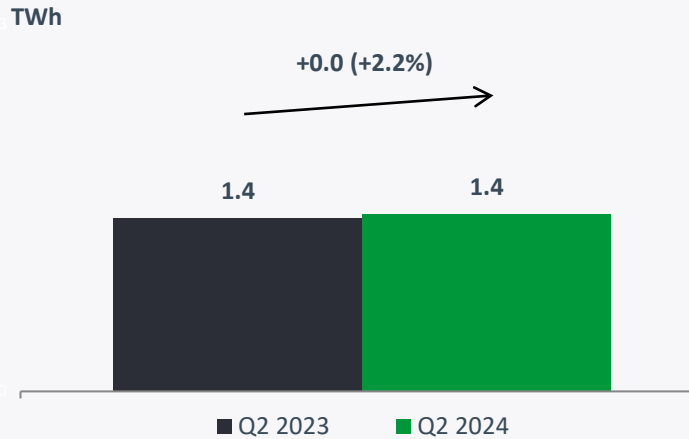


# Distribution sales revenue increased by 3%

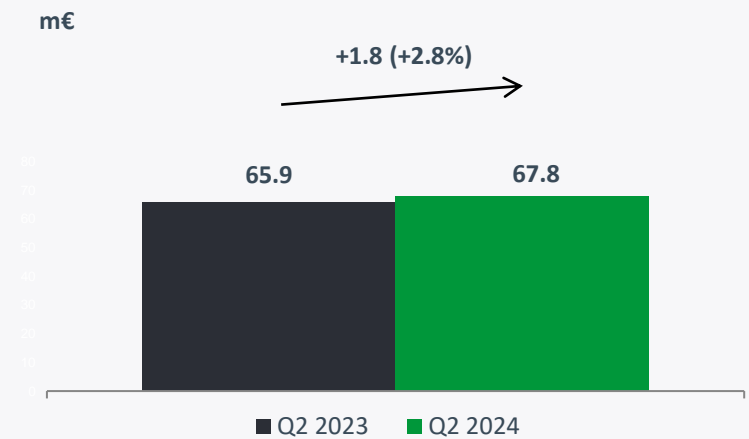
Average distribution sales price



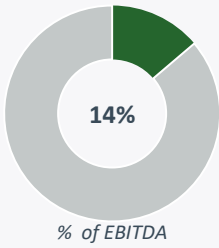
Distribution sales volume



Distribution sales revenue



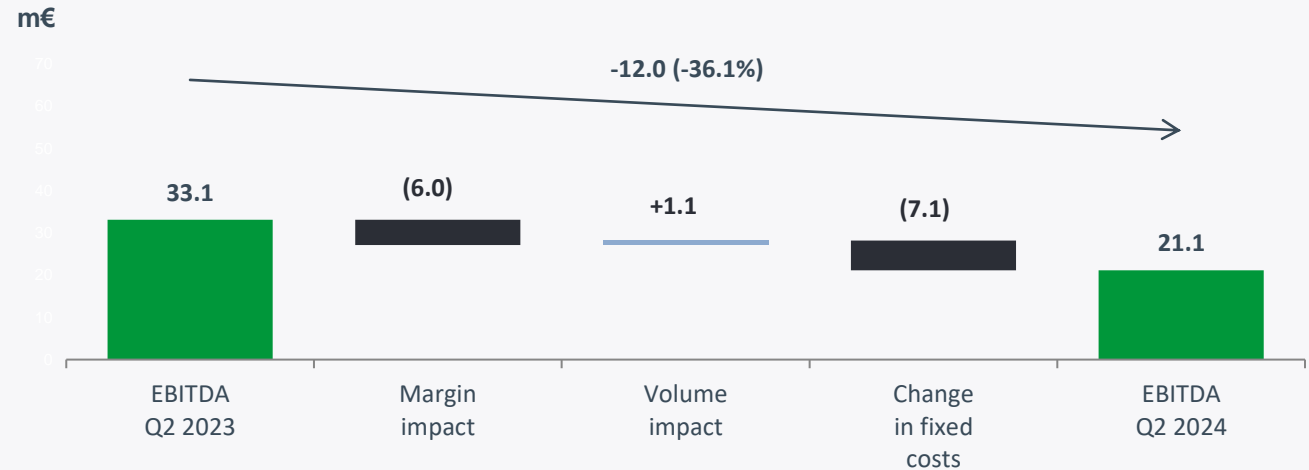
- Sales revenue increased to €67.8m (+3%) due to higher distribution sales volume
- Network losses amounted to 4.2% (-0.3pp) of electricity entered distribution network
- The average duration of unplanned interruptions was 20.7 minutes (Q2 2023: 17.9 minutes)
- The average duration of planned interruptions was 24.4 minutes (Q2 2023: 19.2 minutes)



# Distribution EBITDA decreased by €12m

- ✗ Total margin impact -€6.0m (-4.1 €/MWh). Average sales price increased by 0.3 €/MWh. Average variable costs increased by 4.4 €/MWh, mainly transmission tariffs
- ✓ Distribution volume increased by 2%, impact on EBITDA +€1.1m
- ✗ Fixed costs impacted EBITDA by -€7.1m, mainly due to higher maintenance costs

## Distribution EBITDA development





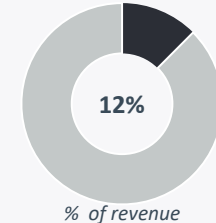
Enefit

# Shale Oil

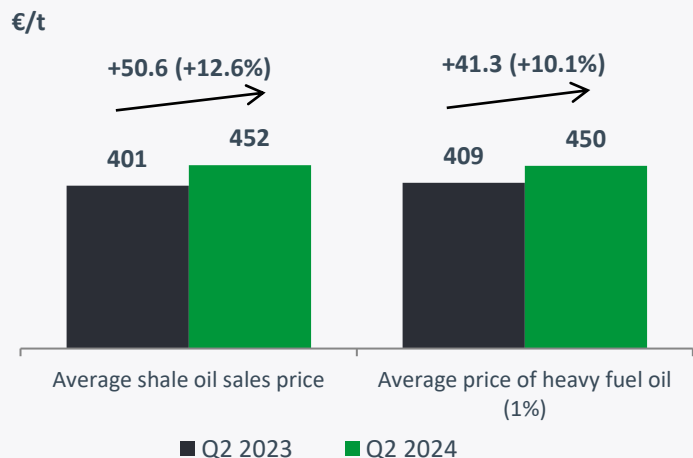


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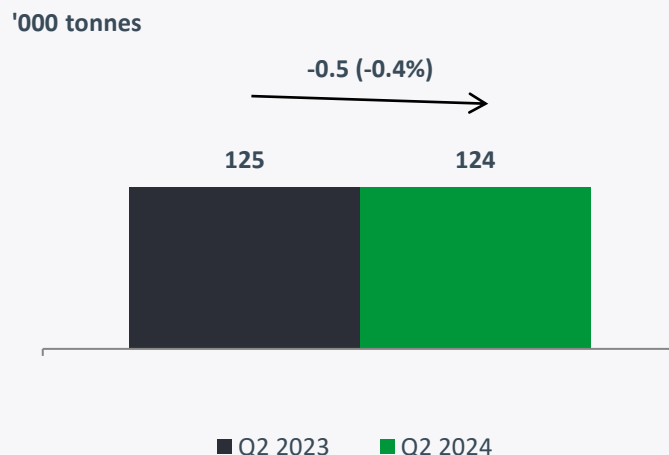
# Shale oil sales revenue increased by 20%



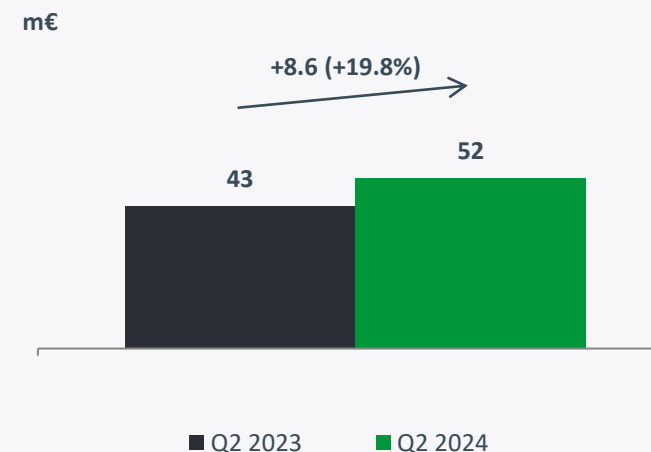
## Average shale oil sales price



## Shale oil sales volume



## Shale oil sales revenue

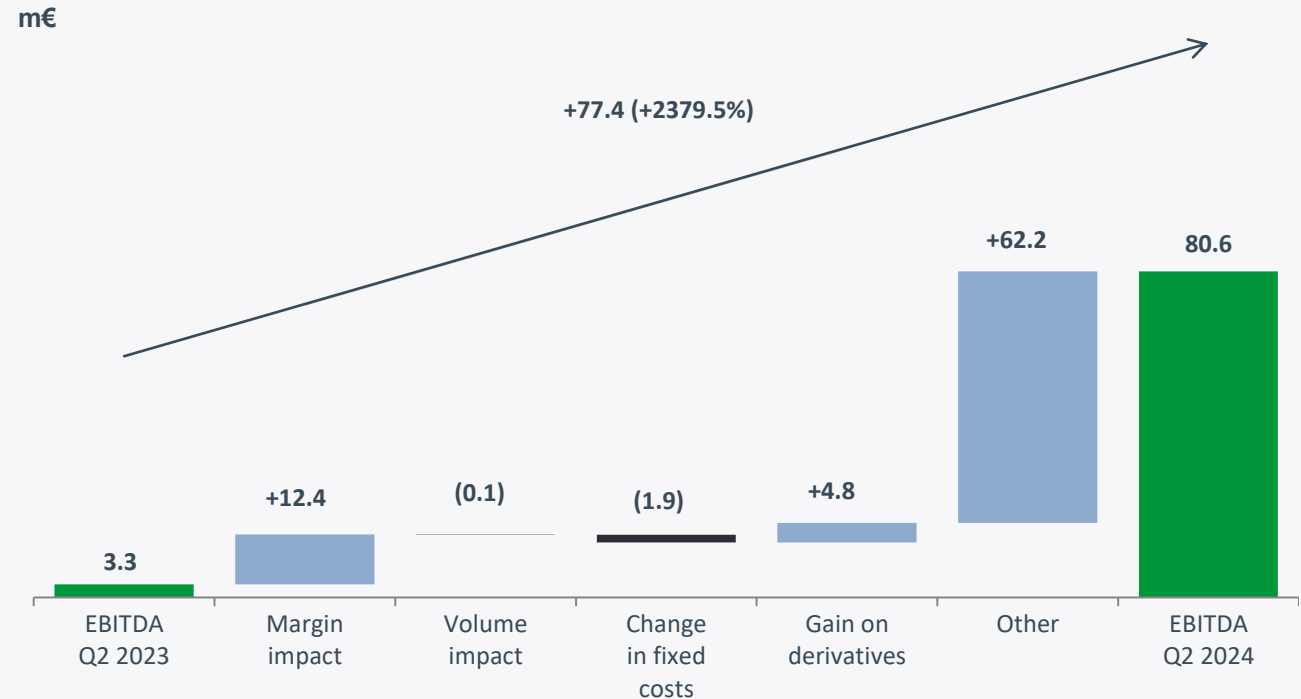


- Average shale oil sales price\* increased to 451.8 €/t (+50.6 €/t, +13%) due to increase in the reference product average market price (+41.3 €/t, +10%)
  - Gain on derivatives impacted price by -34.9 €/t (+19.6 €/t, -€4.3 m in abs. terms, +€2.5 m Y-o-Y)
  - Average sales price including derivatives increased to 416.9 €/t (+70.3 €/t, +20%)
- Shale oil sales volume decreased 0.4% compared to last year. The Group's shale oil production in Q2 2024 was 110.6 thousand tonnes, a decrease of 14.2 thousand tonnes (-11%) compared to Q2 2023 due to overhaul of the Enefit-140
- For 2024 Q3-Q4 we have hedged sales against price risk in amount of 110.2 thousand tonnes with an average price of 385.2 €/t. For 2025 we have hedged sales against price risk in amount of 155.4 thousand tonnes with an average price of 396.3 €/t

# Shale oil EBITDA increased by €77m

- ✓ Margin impact on profitability +€12.4m (+100 €/t) as the average sales price increased (+51 €/t) while variable costs decreased (-49 €/t)
- ✗ Sales volume decreased by 0.4%, impact on EBITDA -€0.1m
- ✗ Fixed costs increased by €1.9m of which €1.9m is related to fixed cost component in change of inventories
- ✓ Gain on derivatives impacted EBITDA by +€4.8m (gain on derivatives -€10.6m in 2023 Q2, -€5.8m in 2024 Q2)
- ✓ Other changes in the amount of +€62.2m mainly related to one-off impact from additional free CO<sub>2</sub> emission allowance

## Shale oil EBITDA development



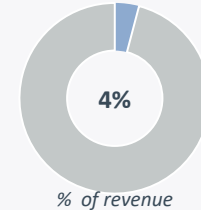


# Natural gas

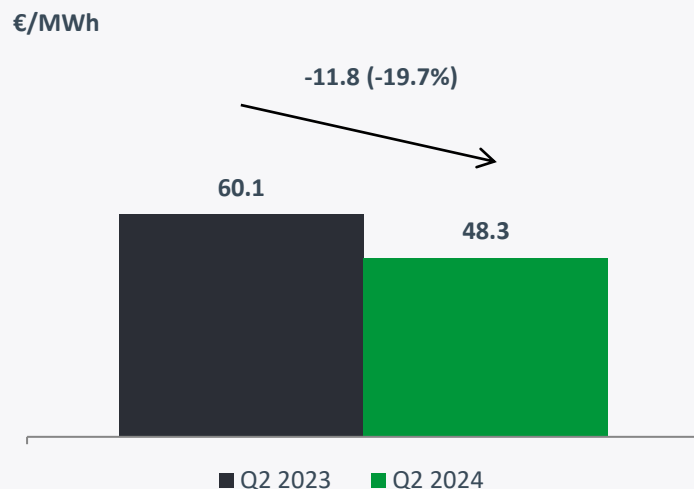


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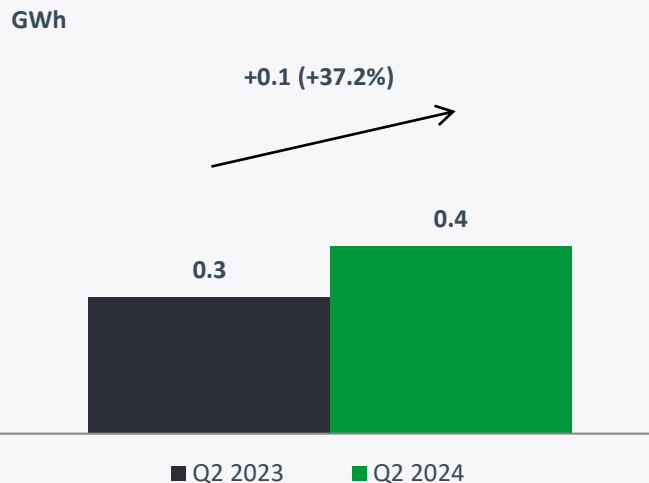
# Natural gas sales revenue increased by €2m



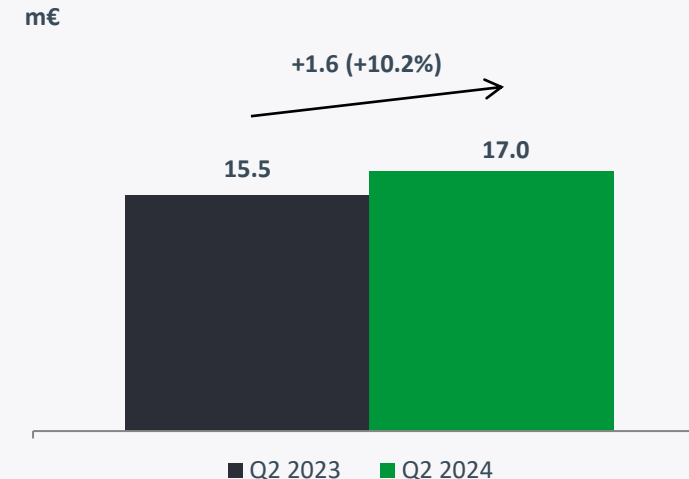
### Average natural gas sales price



### Natural gas sales volume

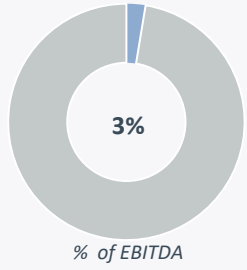


### Natural gas sales revenue



- Average natural gas sales price decreased to 48.3 €/MWh (-11.8 €/MWh, -20%)
- Natural gas sales volume was 0.4 TWh (+0.1 TWh, +37%)
- Sales revenue increased to €17.0m (+€1.6m, +10%)

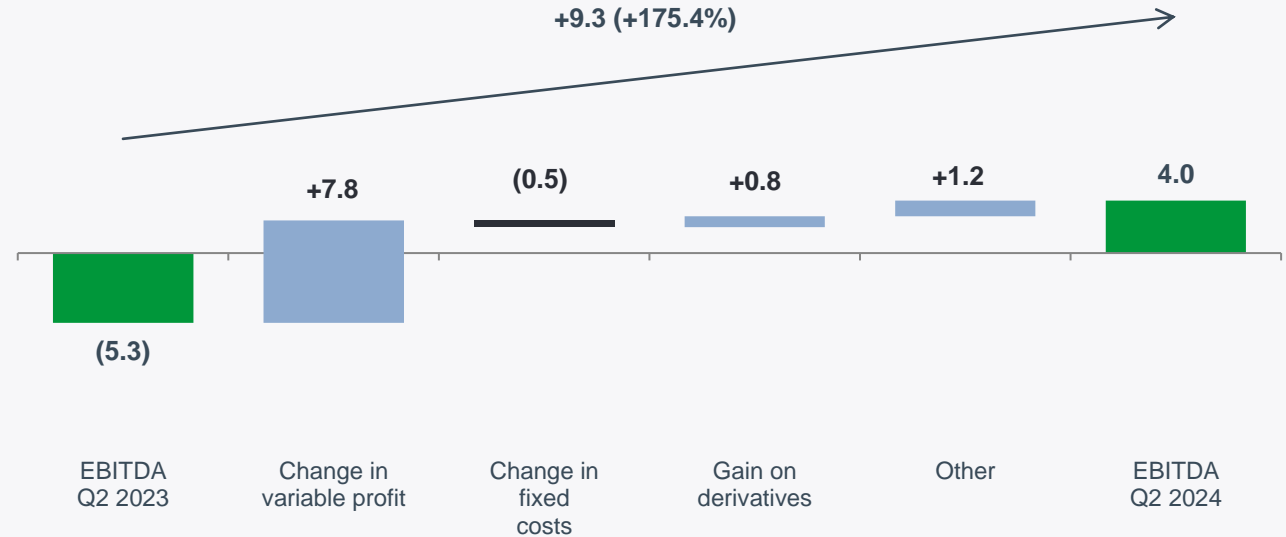
# Natural gas EBITDA increased by €9m



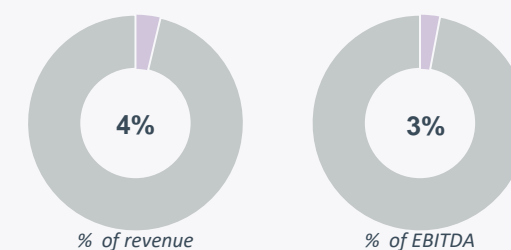
## Natural gas EBITDA development

m€

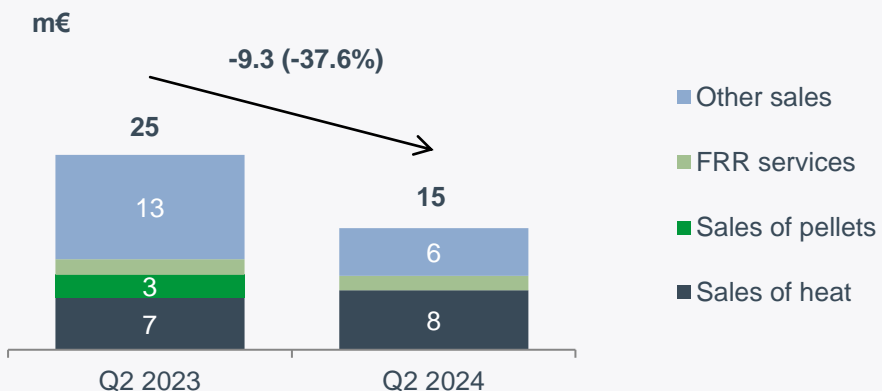
- ✓ Variable profit impact +€7.8m. Revenues increased by €1.6m while variable costs decreased by €6.2m
- ✗ Fixed costs increased by €0.5m
- ✓ Gain on derivatives impacted EBITDA by +€0.8m (gain on derivatives €0.2m in 2023 Q2, €1.0m in 2024 Q2)
- ✓ Changes in value of unrealized derivatives impacted EBITDA by +€1.2m (-€2.5m in 2023 Q2, -€1.3m in 2024 Q2)



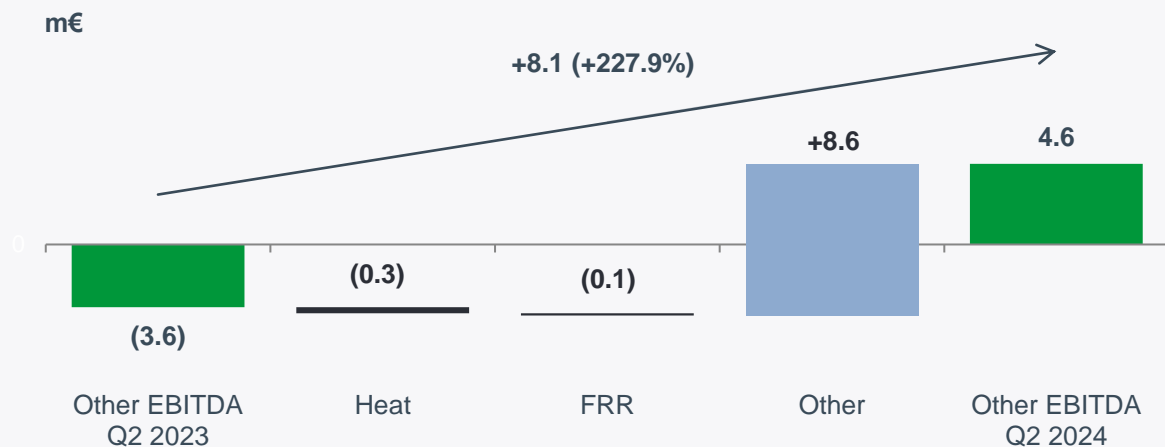
# Other sales revenue and EBITDA increased



## Sales revenues from other products and services



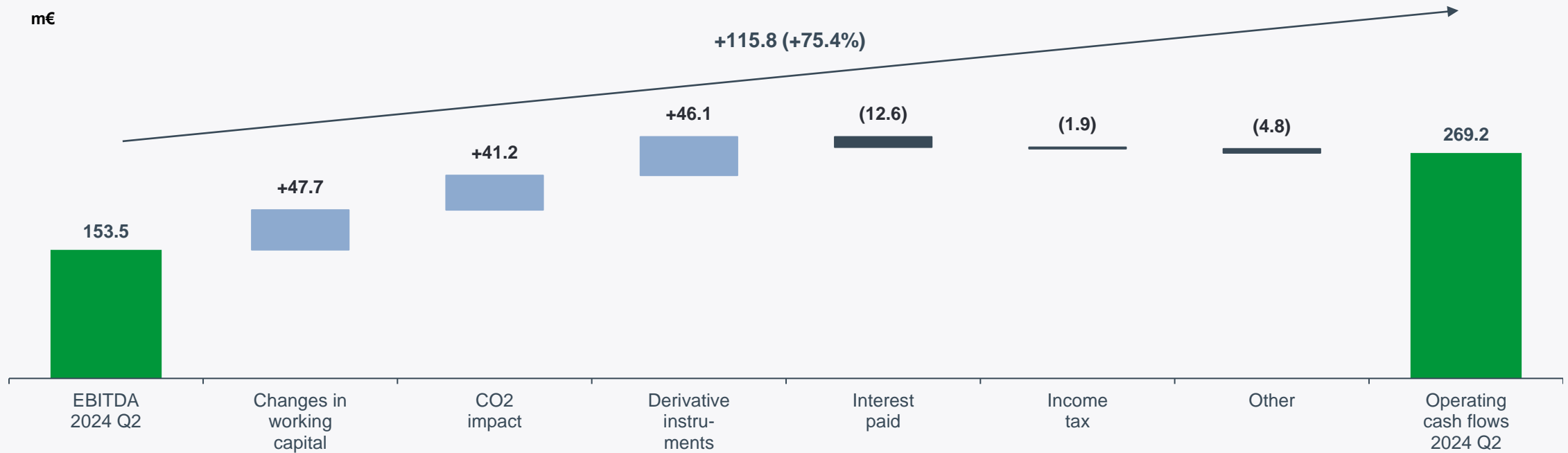
## Other products and services EBITDA development



- Other products and services comprise sales of heat, materials, industrial equipment 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 revenue increased by 15% due to higher sales prices, EBITDA decreased by €0.3m
- EBITDA from frequency restoration reserve (FRR) services decreased by €0.1m y-o-y
- Other changes in EBITDA total +€8.6m which includes a one-off contribution from insurance proceeds (+€7.5m)

# Operating cash flow

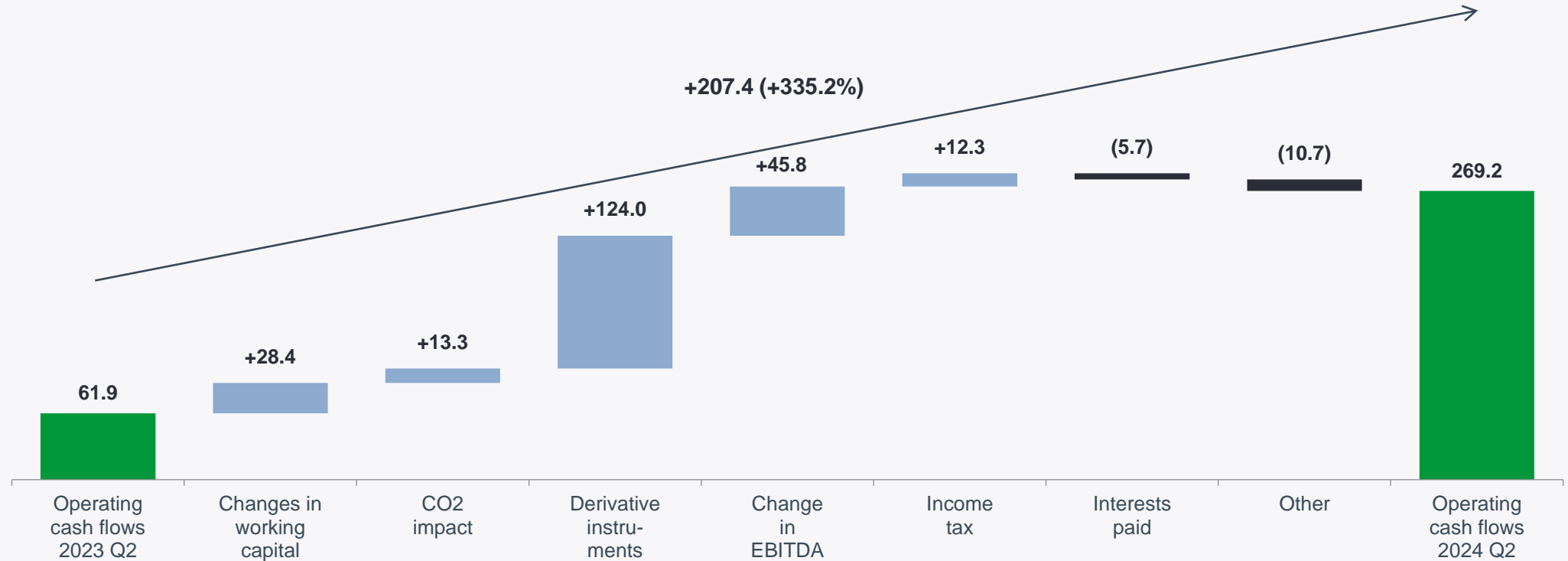
## EBITDA to operating cash flow development



# Operating cash flow

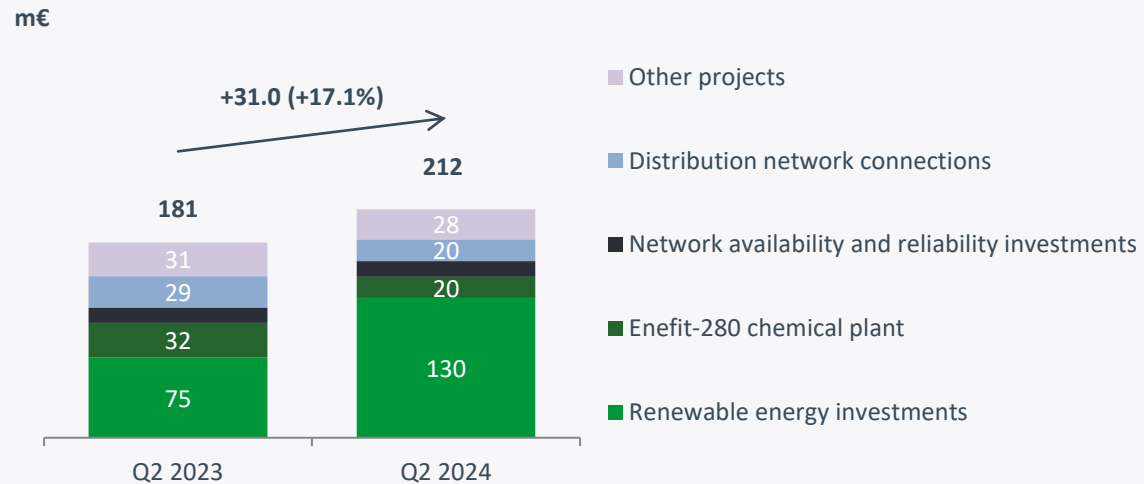
## Operating cash flow changes

m€



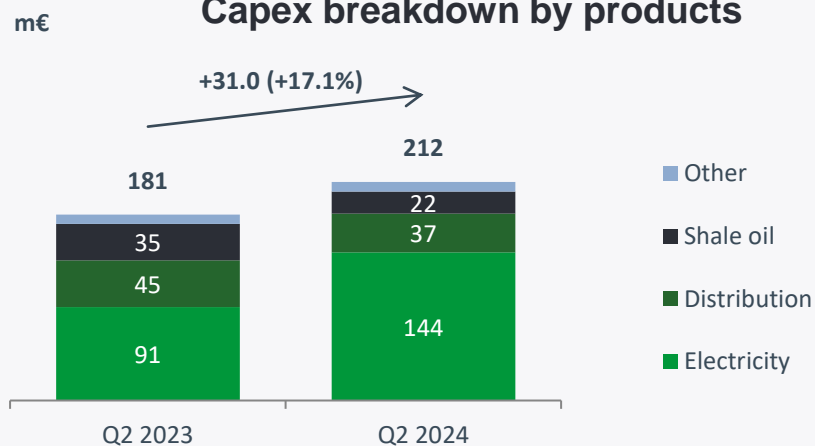
# Capital expenditure €212m in Q2 2024

## Capex breakdown by projects



- Renewable energy investments increased to €129.8m (+€55m, +74%)
- Investments into electricity network decreased to €34.8m (-€9m, -20%). Network maintenance investments increased slightly, decrease was from investments into network connections

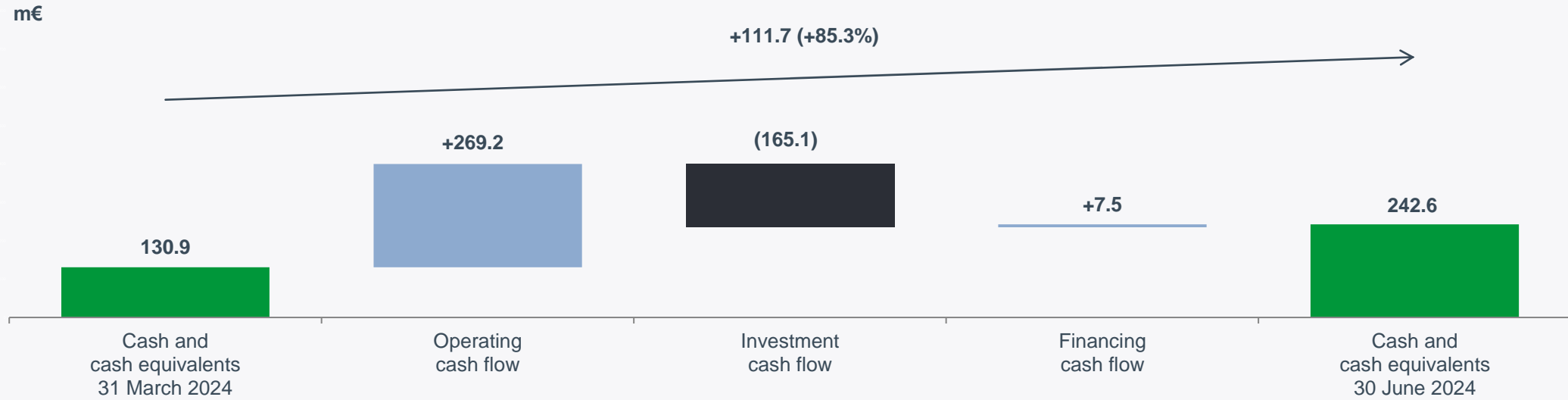
## Capex breakdown by products



- Investments into the construction of a new Enefit-280 chemical plant decreased to €19.7m (-€12m, -39%)
- Investments into other projects decreased to €28.2m (-€3m, -11%)

# €243m amount of liquid assets at the end of Q2 2024

## Group's liquidity development in Q2 2024

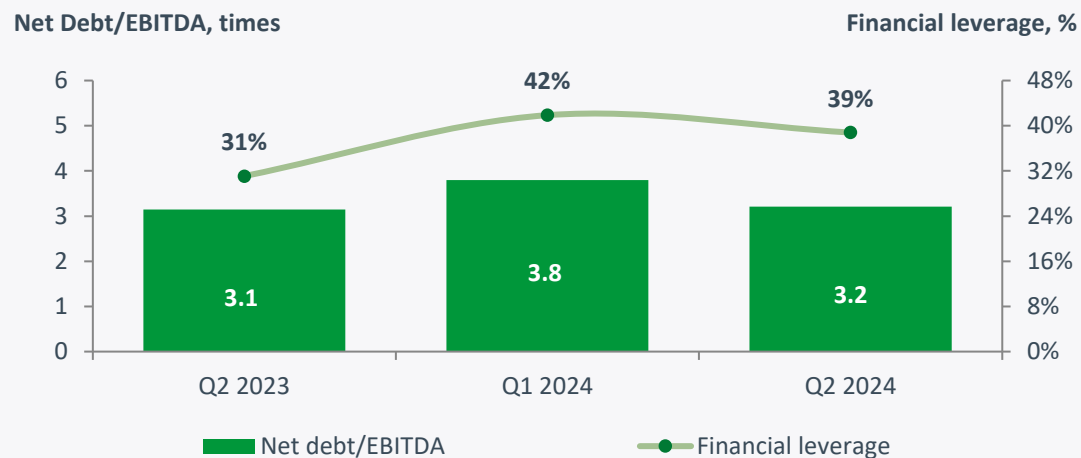


- €748m of liquid assets and unused loans available as of 30 June 2024, including:
  - €243m of liquid assets
  - €505m undrawn loans, consisting of liquidity loans of €270m and long-term loans of €235m



# Debt maturity profile

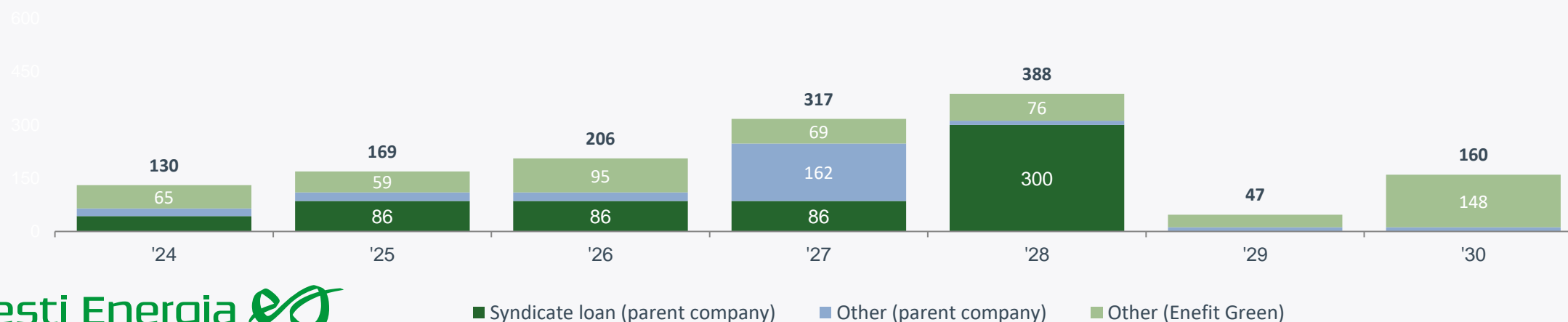
## Net debt / EBITDA & financial leverage



- 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 Q2 2024 was €1,626m; net debt €1,384m (+€106m y-o-y)
- Net debt / EBITDA figure for Q2 2024 using adjusted EBITDA is 3.0

m€

## Debt maturity



# Outlook for 2024



- Sales revenue is likely to remain on the same level with a slight decrease\* in 2024.
- EBITDA is likely to increase slightly\* in 2024.
- We are planning to decrease our investments compared with 2023. The largest investments in 2024 will be made in expanding the renewable energy portfolio, improving the electricity distribution network and developing a sustainable chemical industry.

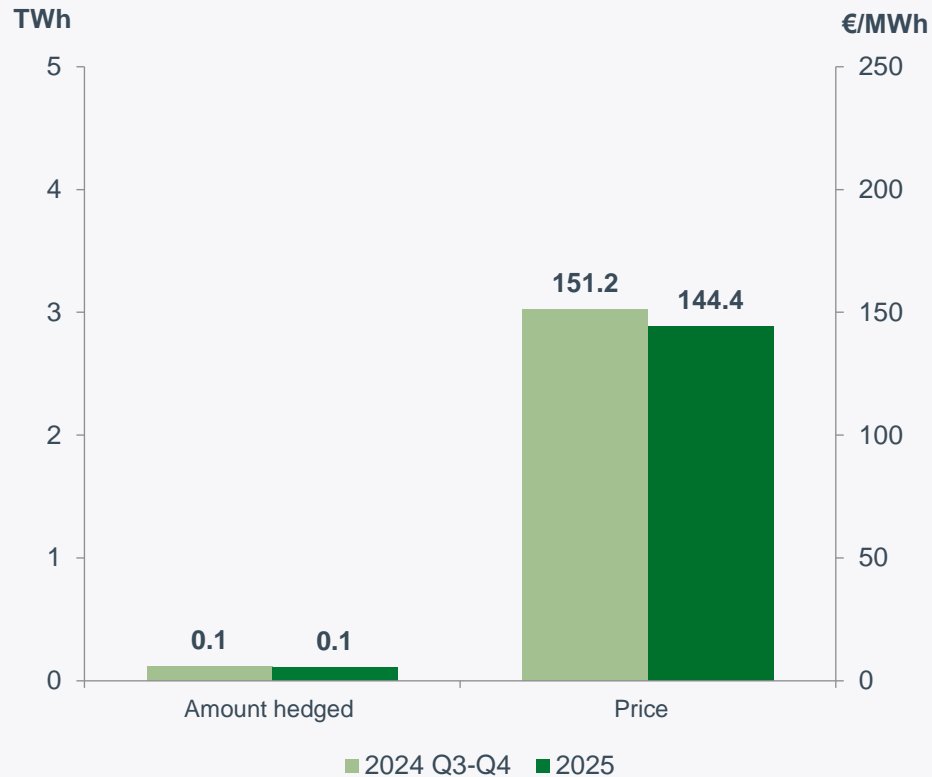
# Summary

- Q2 2024 sales revenue stable y-o-y at €415m (-0.2%; -€1m)
  - Electricity sales revenue stable y-o-y at €263m (-1%; -€4m)
  - Distribution sales revenue increased by €2m (+3%) due to higher sales volume
  - Shale oil sales revenue increased by €9m (+20%) due to higher prices
  - Gas sales revenue increased by €2m (+10%) due to higher sales volume
  - Other products and services sales revenue decreased by €9m (-38%)
- Q2 2024 EBITDA increased to €153m (+42%; +€46m)
  - Electricity EBITDA decreased by €37m (-46%) due to lower gains from realized derivative instruments  
Adjusted electricity EBITDA decreased by €40m (-45%)
  - Distribution EBITDA decreased by €12m (-36%) due to increased variable and fixed costs
  - Shale oil EBITDA increased by €77m due to one-off impacts
  - Gas EBITDA increased by €9m as variable profit increased
  - Other products and services EBITDA increased by €8mAdjusted EBITDA increased to €159m (+37%; +€43m)
- Investments increased by 17% to €212m driven by renewable energy investments
- Q2 2024 net profit increased to €103m (+142%; +€60m). Adjusted net profit increased to €109m (+114%; +€58m)

# APPENDICES

# Electricity hedge positions as at 30 June 2024

## Enefit Power production hedge



## Retail sales hedge\*

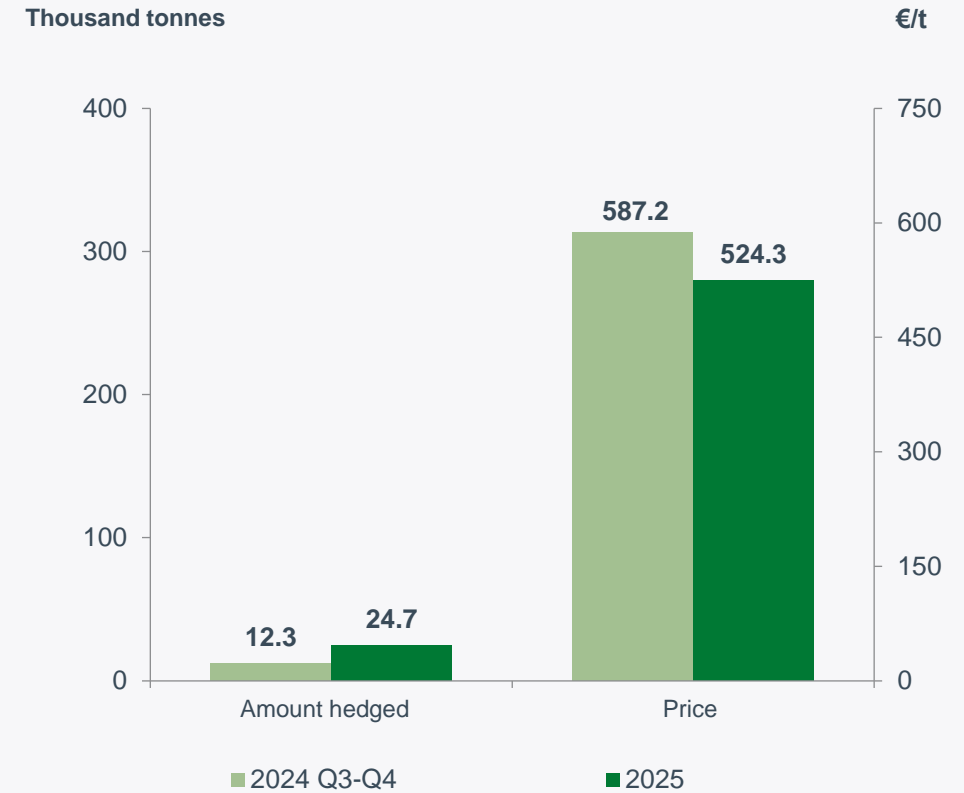


# Fuel oil and naphtha hedge positions as at 30 June 2024

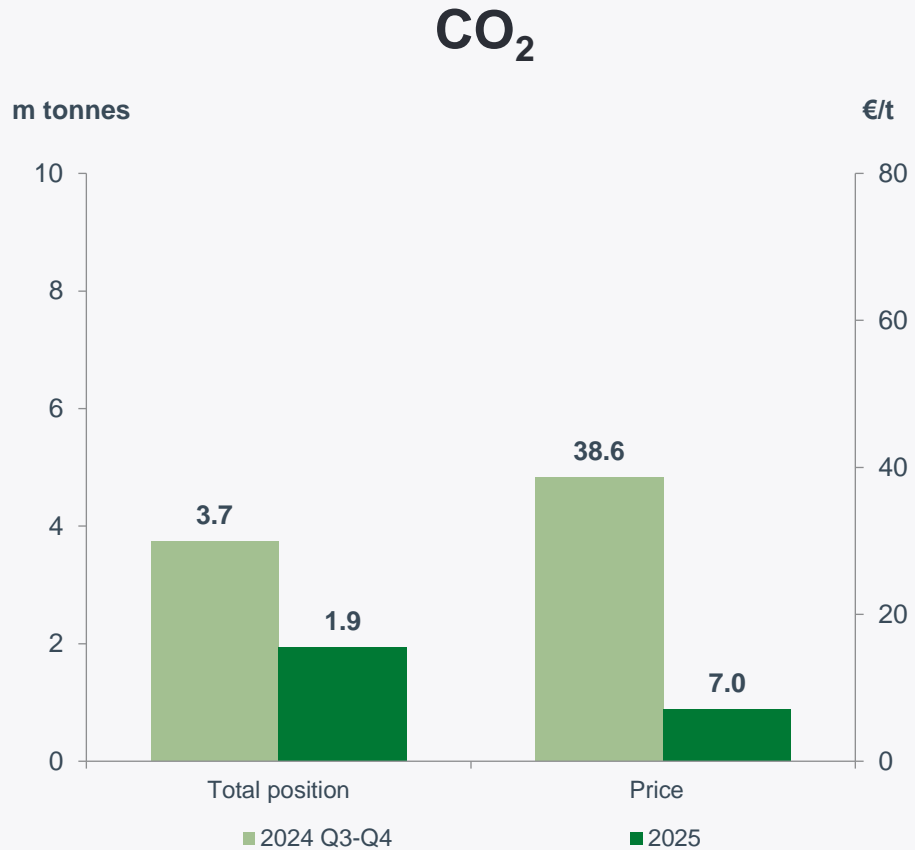
## Fuel oil



## Naphtha



# CO<sub>2</sub> hedge positions as at 30 June 2024



# Profit and loss statement

million euros	Q2 2024	Q2 2023	Change	Change
<b>Sales revenues</b>	<b>415.1</b>	<b>416.1</b>	<b>-1.0</b>	<b>-0.2%</b>
Other revenues	42.7	111.9	-69.2	-61.8%
<b>Expenses (excl. depreciation), incl:</b>	<b>304.4</b>	<b>420.3</b>	<b>-115.9</b>	<b>-27.6%</b>
Electricity purchasing costs	174.7	116.3	+58.4	+50.2%
Environmental fees	8.1	8.8	-0.7	-7.9%
CO2 emission costs	-47.0	39.4	-86.4	-219.2%
Change in inventories	-2.8	-10.7	+7.9	+73.8%
Other	171.4	266.5	-95.1	-35.7%
<b>EBITDA</b>	<b>153.5</b>	<b>107.7</b>	<b>+45.8</b>	<b>+42.5%</b>
<b>Adjusted EBITDA</b>	<b>158.9</b>	<b>115.7</b>	<b>+43.3</b>	<b>+37.4%</b>
Depreciation	40.2	46.2	-5.9	-12.8%
<b>EBIT</b>	<b>113.2</b>	<b>61.5</b>	<b>+51.7</b>	<b>+83.9%</b>
Net financial income (-expenses)	-9.9	-4.8	-5.0	-103.8%
Net profit from associates via equity method	1.2	1.3	-0.1	-4.9%
Other net profit from associates	0.0	0.0	0.0	
<b>Earnings before tax</b>	<b>104.6</b>	<b>58.0</b>	<b>+46.6</b>	<b>+80.3%</b>
Income tax expense	1.5	15.4	-13.8	-90.1%
<b>Net profit</b>	<b>103.1</b>	<b>42.7</b>	<b>+60.4</b>	<b>+141.6%</b>
<b>Adjusted net profit</b>	<b>108.5</b>	<b>50.6</b>	<b>+57.9</b>	<b>+114.5%</b>



# Balance sheet

million euros	June 2024	June 2023	Change yoy
<b>Assets</b>	<b>4,916.6</b>	<b>5,528.2</b>	<b>-11.1%</b>
<b>Current assets</b>	<b>875.9</b>	<b>1,425.3</b>	<b>-38.5%</b>
Cash and cash equivalents	242.6	409.2	-40.7%
Trade receivables	189.8	224.6	-15.5%
Inventories and prepaid expenses	210.0	233.7	-10.1%
Other current assets	233.5	557.8	-58.1%
<b>Non-current assets</b>	<b>4,040.7</b>	<b>4,102.9</b>	<b>-1.5%</b>
<b>Liabilities and equity</b>	<b>4,916.6</b>	<b>5,528.2</b>	<b>-11.1%</b>
<b>Liabilities</b>	<b>2,735.8</b>	<b>2,694.1</b>	<b>+1.5%</b>
Trade payables	152.1	149.3	+1.9%
<b>Borrowings</b>	<b>1,626.2</b>	<b>1,687.3</b>	<b>-3.6%</b>
Current liabilities	202.2	742.0	-72.7%
Long-term liabilities	1,424.0	945.3	+50.6%
Provisions	239.8	143.3	+67.4%
Deferred income	432.3	376.9	+14.7%
Other liabilities	285.3	337.3	-15.4%
<b>Equity</b>	<b>2,180.9</b>	<b>2,834.1</b>	<b>-23.0%</b>

# Cash flow statement

million euros	Q2 2024	Q2 2023	Change	Change
Cash generated from operations	282.4	81.6	+200.8	+246.2%
Interest paid	-12.6	-6.9	-5.7	-83.0%
Interest received	1.3	1.4	-0.1	-7.5%
Taxes paid	-1.9	-14.2	+12.3	+86.7%
<b>Cashflows from Operating Activities</b>	<b>269.2</b>	<b>61.9</b>	<b>+207.4</b>	<b>+335.2%</b>
Purchase of non current assets	-184.8	-159.3	-25.4	-16.0%
Change in over-3-months deposits	0.0	-245.0	+245.0	+100.0%
Proceeds from sales of non current assets	0.5	0.1	+0.4	+454.0%
Proceeds from grants of non current assets	19.2	2.1	+17.1	+799.2%
Dividends received from associates	0.0	1.6	-1.6	-100.0%
<b>Cashflows from Investing Activities</b>	<b>-165.1</b>	<b>-400.5</b>	<b>+235.4</b>	<b>+58.8%</b>
Loans received	125.0	770.0	-645.0	-83.8%
Repayments of bank loans	-111.2	-174.0	+62.8	+36.1%
Principal elements of lease payments	-0.5	-0.3	-0.2	-85.6%
Dividends paid	-6.3	-81.5	+75.1	+92.2%
<b>Cashflows from Financing Activities</b>	<b>7.5</b>	<b>514.2</b>	<b>-506.7</b>	<b>-98.5%</b>
<b>Net Cashflow</b>	<b>111.7</b>	<b>175.6</b>	<b>-63.9</b>	<b>-36.4%</b>

# 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
- **Adjusted EBITDA** – The Group's EBITDA is adjusted by eliminating temporary fluctuations in fair long-term PPA derivatives. Long-term fair value calculation is based on in-house price curve methodology not on long-term derivative market data (illiquid on the stock exchange)
- **Clean Dark Spread (CDS)** – Eesti Energia's margin between the average price of electricity (in NPS Estonia), oil shale costs and CO<sub>2</sub> costs (considering the price of CO<sub>2</sub> allowance futures maturing in December and the amount of CO<sub>2</sub> emitted in the generation of a MWh of electricity)
- **CO<sub>2</sub> 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<sub>2</sub>). 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 (amortized) 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 must compensate energy losses and for this a corresponding amount of electricity must be purchased every hour
- **NP system price** – The price on the Nord Pool power exchange that is calculated based on all purchase and sale bids without considering 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
- **PPA** – Power Purchase Agreement, a long-term electricity supply contract
- **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 revenue