Interim Report

1 July 2018 – 30 September 2018

Contents

Letter from the CEO

Dear reader

In the third quarter, there were significant developments in both the energy markets and our strategic projects.

The price of CO_2 emission allowances continued to rise and the world market prices of oil products surged to their past four years' highest level. Hot and dry summer, which lowered the water levels of the Nordic hydro reservoirs, caused price records, demonstrating how important are controllable electricity production capacities for ensuring reliability of supply.

At the same time, we crossed the finish line with the project of building a new controllable electricity production facility – the Auvere power plant. It was 10 years ago when a power plant of such a high capacity was last admitted to the energy market of the Baltic Sea region. The Auvere power plant, which was accepted at the end of July, produces electricity from both oil shale and renewable sources. Using domestic sources of energy, it can meet over a quarter of Estonia's total electricity needs. The power plant's 300 megawatt capacity will compensate for a part of the 600 megawatt loss in Estonia's power production capacity, which will occur in 2019 when some of the older generating units are closed.

We also took steps to increase our renewable energy production capacities. In the summer, our renewable energy entity Enefit Green and the Finnish state-owned enterprise Metsähallitus signed an agreement that provides us with an opportunity to develop a roughly 100 megawatt wind farm at Tolpanvaara in Finland.

To better serve the needs of our customers, we launched a new electricity package, Equal, which is unique in the Estonian market because the customer pays for electricity the same amount each month. The package comes with free insurance of electrical appliances and cover against power failures.

The Estonian Competition Authority approved our application for lowering the network charges of the customers of our distribution service provider, Elektrilevi, from next year by 8% on average. The cut follows last year's two price adjustments, which lowered network charges by 9%. A vital role in lowering network charges has been played by our customers that have surrendered their surplus capacities and thus helped reduce Elektrilevi's operating expenses.

In the third quarter, Eesti Energia generated revenue of 199.7 million euros, a 26.7% increase on the same period in 2017. EBITDA grew by 8.1% year on year to 58.4 million euros while net profit decreased by 32.8% to 10.9 million euros.

The sales volumes of all our core products increased compared to the same period last year. Growth in electricity and shale oil sales revenues was underpinned by larger sales volumes as well as higher market prices. Revenue from the provision of the distribution service decreased due to the reduction of network charges that lowered the sales price. Revenue from the sale of other products and services grew, mainly through higher revenue from the sale of mining products. Revenue from the sale of heat and natural gas declined year on year.

In the third quarter we produced 2182 gigawatt hours of electricity, which exceeded Estonia's consumption by 377 gigawatt hours. Estonia's total electricity output was 2538 gigawatt hours, which exceeded consumption by 733 gigawatt hours. Electricity generated by Eesti Energia accounted for 86% of Estonia's total electricity output.

Our electricity production grew by 2.7% compared to the same period in 2017. This was supported by the market price, which was higher than in the third quarter of last year. Our renewable energy output amounted to 77.3 gigawatt hours of which 64.4 gigawatt hours was produced at Enefit Green. Compared to the same period last year, Enefit Green's production volume grew by 12%. Most of the renewable energy was generated by wind farms: thanks to favourable wind conditions they produced 47.7 gigawatt hours of electricity, 18% more than in the same period last year.

Distribution service revenue decreased by 0.8% while sales volume grew by 1.3% year on year. Due to windier weather, average duration of unplanned interruptions increased by 12.4 minutes year on year to 52.6 minutes. Power outages can be reduced by replacing bare conductors with weatherproof cables. At the end of the third quarter, 87% of our low-voltage network and 38% of our medium-voltage network was weatherproof.

We produced 103.6 thousand tonnes of shale oil, 45.6% more than in the same period in 2017. The rise in output was based on our production facilities' higher operational reliability and shorter maintenance downtime of the Enefit280 oil plant.

We sold 79.5 thousand tonnes of shale oil which generated revenue of 20.7 million euros. Compared to the same period in 2017, shale oil sales revenue grew by 35.5%. Sales volume grew by 9.3% year on year, mainly through higher market prices and a rise in the sale of oil shale gasoline.

In the third quarter, we invested 65 million euros, a third of which was made up of the last payment for the Auvere power plant. Investments made in the projects listed in the strategic action plan totalled 3 million euros. The figure includes investments of 2 million euros in the opportunity to develop the Tolpanvaara wind farm in Finland, 0.3 million euros in building a power line directly from the power plant to the Narva opencast and 0.2 million euros in developing the Enefit Technology Parks.

The investments made today are a foundation for our future competitiveness – cleaner and more efficient energy production is becoming increasingly important for both consumers and producers.

Hando Sutter
Chairman of the Management Board

Eesti Energia at a Glance

Eesti Energia is a company which operates in the electricity and gas markets of the Baltic Sea area and the international fuel market. The owner of Eesti Energia is the Republic of Estonia.

We have the most diverse energy portfolio in the Baltic Sea region: we produce energy from oil shale, wood waste, biomass, tyre chips, municipal waste, wind, sun and water. We use oil shale to produce liquid fuels – shale oil and oil shale gasoline as well as electricity and heat.

We consistently enhance our products and services and develop new solutions to make our production processes more efficient.

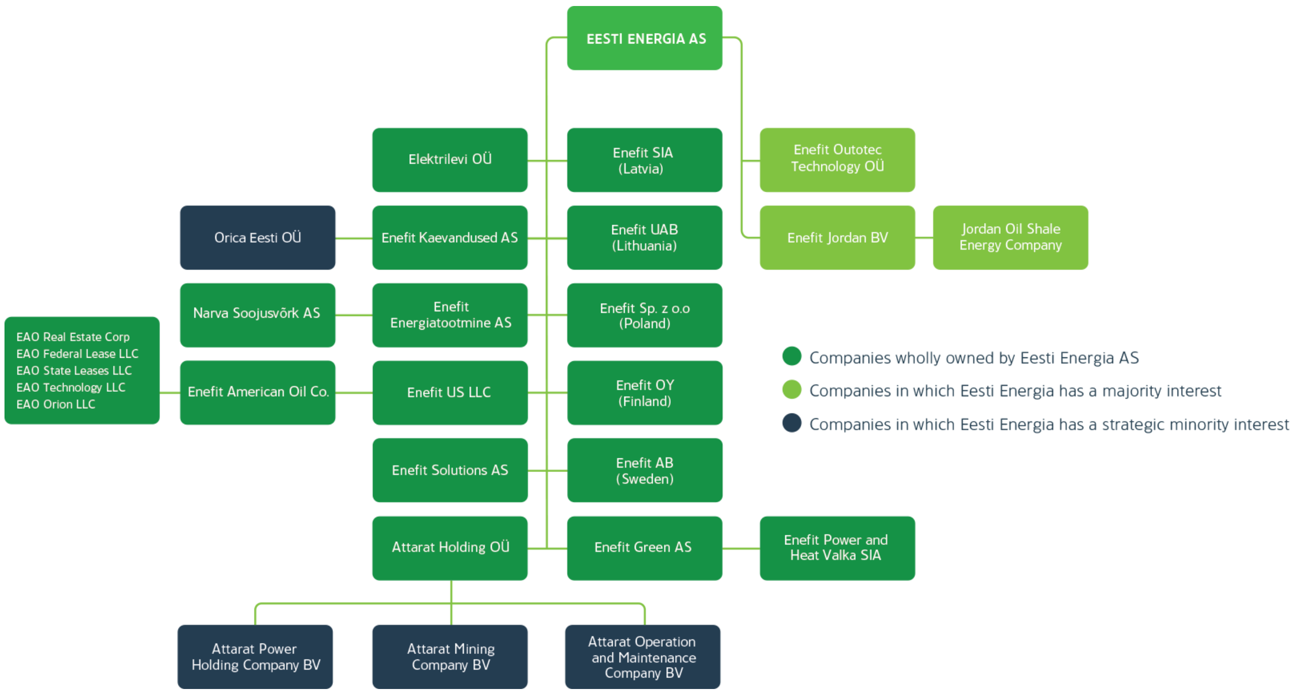
We sell electricity in the Baltic and Polish retail markets and the Nord Pool wholesale market, natural gas in the Estonian, Latvian, Lithuanian and Polish retail markets and liquid fuels in the international wholesale market. In 2018, we also began selling electricity in Finland and Sweden. We offer smart energy solutions and associated services to both household and corporate customers.

Eesti Energia's subsidiary Elektrilevi is the largest distribution service provider in Estonia.

Eesti Energia's business lines comprise Large-scale Energy Production, Renewable Energy, Network Services, Customer Services, and the Group's Strategic Developments.

We employ around 5,800 people.

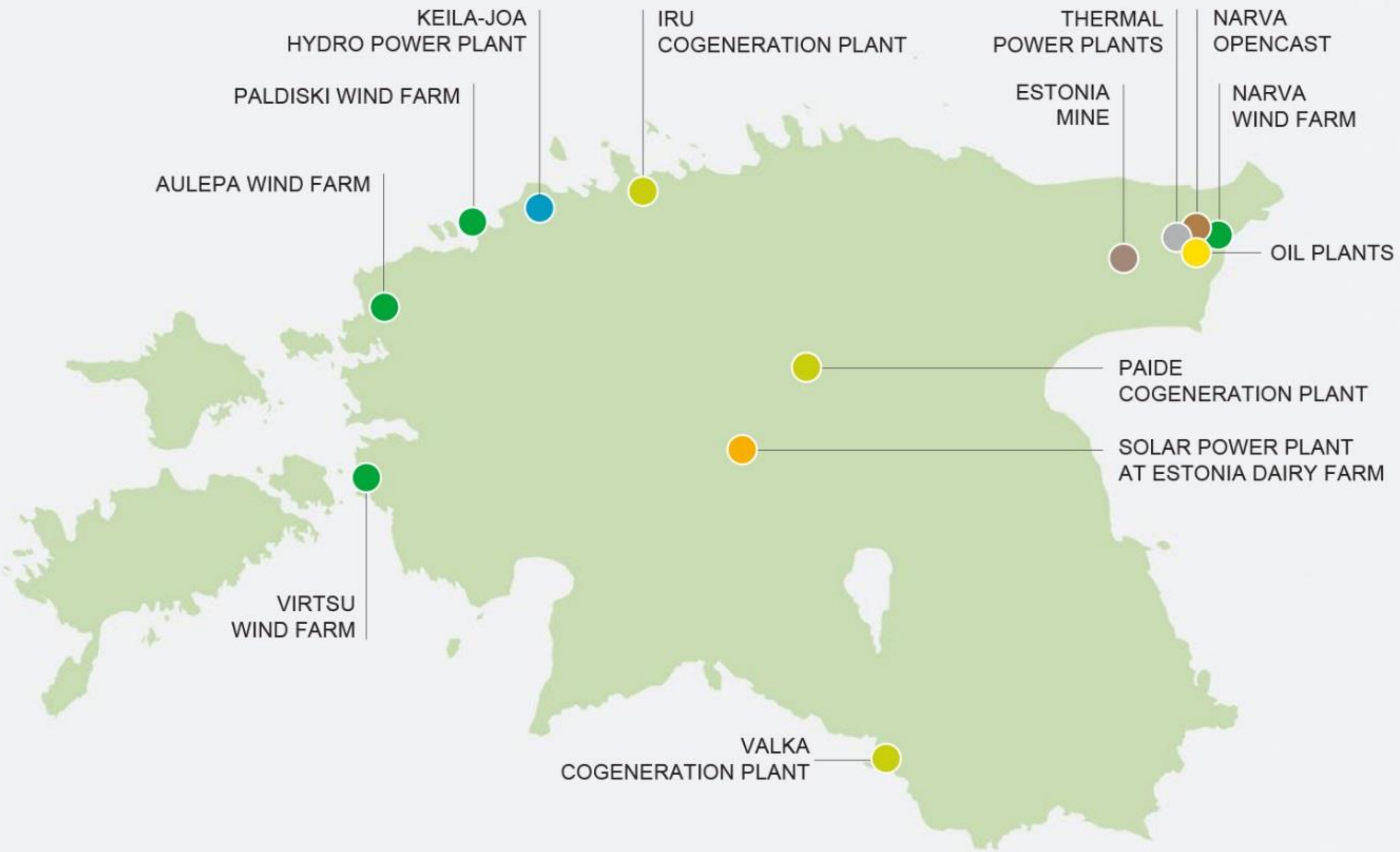
The Structure of Eesti Energia Group as at 30th September 2018



EESTI ENERGIA'S BUSINESS OPERATIONS

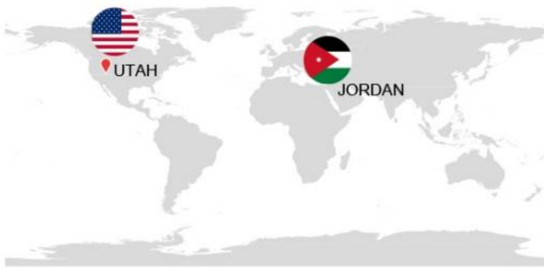
1. Oil shale mines
2. Thermal power plants
3. Oil plants
4. Hydro power plant
5. Cogeneration plants
6. Wind farms
7. Solar power plants
8. Electricity distribution network
9. Energy trading and sales

Eesti Energia's production units



HOME MARKETS IN ENERGY SALES BUSINESS

EESTI ENERGIA'S DEVELOPMENTS



Key Figures and Ratios

		Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Total electricity sales*, of which	GWh	2,180	2,056	+6.0%	6,919	7,074	-2.2%
wholesale sales*	GWh	740	688	+7.6%	2,080	2,573	-19.2%
retail sales	GWh	1,440	1,368	+5.2%	4,839	4,502	+7.5%
Electricity distributed	GWh	1,460	1,442	+1.3%	5,062	4,889	+3.5%
Shale oil sales	th t	80	73	+9.3%	264	254	+4.1%
Heat sales	GWh	50	63	-20.3%	681	675	+0.9%
Average number of employees	No.	5,749	5,788	-0.7%	5,774	5,803	-0.5%
Sales revenues	m€	199.7	157.6	+26.7%	614.2	550.4	+11.6%
EBITDA	m€	58.4	54.1	+8.1%	188.2	204.5	-7.9%
Operating profit	m€	17.3	20.4	-15.5%	78.5	102.8	-23.6%
Net profit	m€	10.9	16.2	-32.8%	66.1	77.7	-14.8%
Investments	m€	65.3	35.2	+85.4%	148.2	92.5	+60.3%
Cash flow from operating activities	m€	53.0	38.9	+36.2%	137.4	236.0	-41.8%
FFO	m€	49.5	40.2	+23.1%	159.1	172.4	-7.7%
Non-current assets	m€	2,587.6	2,534.0	+2.1%			
Equity	m€	1,784.4	1,755.2	+1.7%			
Net debt	m€	558.5	576.8	-3.2%			
Net debt / EBITDA**	times	2.3	1.6	+42.4%			
FFO**/ net debt	times	0.38	0.54	-28.5%			
FFO**/ interest cover**	times	6.2	9.0	-30.4%			
EBITDA**/ interest cover**	times	7.2	10.6	-31.7%			
Leverage	%	23.8	24.7	-0.9pp			
ROIC**	%	4.5	9.7	-5.2pp			
EBITDA margin	%	29.3	34.3	-5.1pp	30.6	37.1	-6.5pp
Operating profit margin	%	8.6	13.0	-4.3pp	12.8	18.7	-5.9pp

Definitions of ratios and terms are explained in the Glossary section of the report, page 52

** 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)*

*** rolling 12 months result*

Operating Environment

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

In Q3 2018, the following market developments were relevant to our performance:

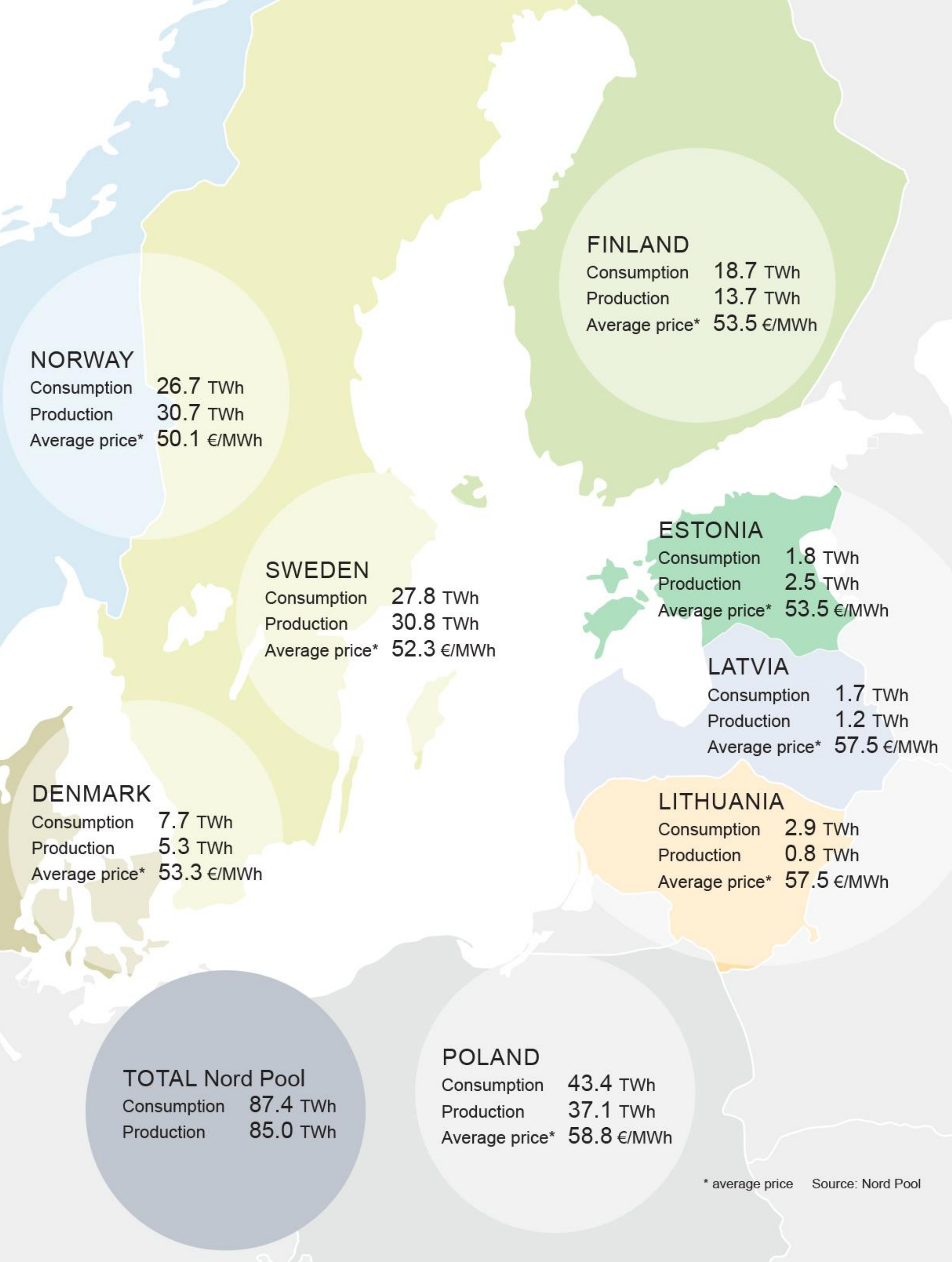
- CO_2 emission allowance prices continued to rise, which increased our energy production costs;
- a hot and dry summer lowered the level of the Nordic water reservoirs, which triggered an upswing in electricity prices;
- the world market prices of oil products surged to their highest level since 2014, which improved our liquid fuels' sales margins.

According to forecasts, the global economy will grow by 3.8% in 2018 and 3.6% in 2019. Economic growth in the euro area is expected to continue at 2.0% in 2018 and 1.9% in 2019.

Nordic and Baltic Electricity Market

Estonia is a member of the Nord Pool power exchange where electricity producers sell the electricity they produce and electricity suppliers purchase the electricity they need for resale to customers.

The electricity markets of Estonia and its neighbouring countries are well connected via interconnectors. Therefore, Estonia's electricity production and prices are influenced, among other factors, by water levels at Norwegian hydro power plants and wind conditions in Denmark.



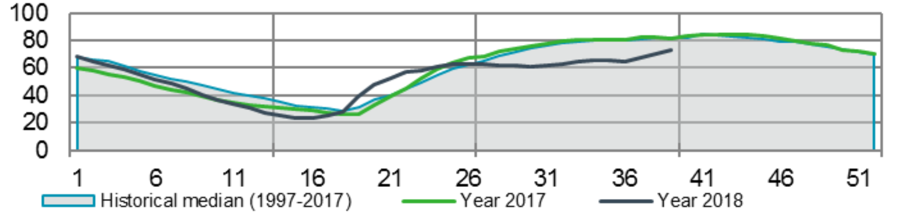
In Q3 2018, the Nordic and Baltic countries produced 85.0 TWh and consumed 87.4 TWh of electricity. Sweden, Norway and Estonia produced more than they consumed while Finland, Denmark, Poland, Latvia and Lithuania could not meet their needs with domestic output and had to import electricity.

In Q3 2018, Estonia produced 2.5 TWh of electricity, 0.7 TWh more than it consumed. Eesti Energia's contribution to Estonia's electricity production amounted to 2.2 TWh, i.e. 86%, exceeding Estonia's consumption by 0.4 TWh.

The Level of the Nordic Water Reservoirs Shaped Electricity Prices

The level of the Nordic water reservoirs has a strong impact on Baltic electricity prices because interconnectors provide the Baltic region with access to Norwegian, Swedish and Finnish hydro power, which is cheaper than electricity from other sources.

Weekly Levels of Nordic Water Reservoirs, % of Maximum



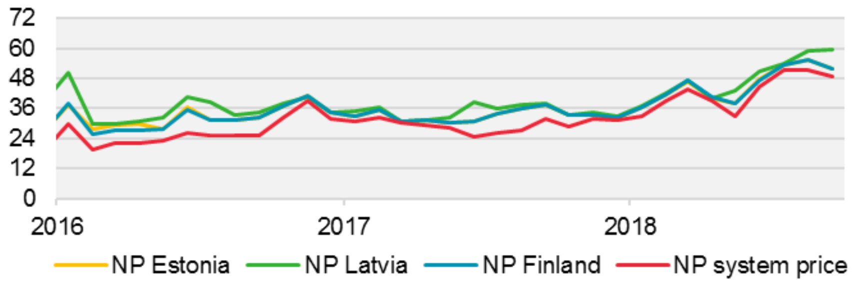
Source: Thomson Reuters

Due to hot and dry weather, at the end of July the level of the Nordic water reservoirs was around 61% of the maximum. At the same time in the four preceding years, the level was around 75% of the maximum. The level of the reservoirs was also below the median of roughly the past 30 years.

At the end of August, the level of the Nordic water reservoirs was around 65% of the maximum. At the same time in the four preceding years, the level was around 80% of the maximum.

In September, the level of the Nordic water reservoirs began to recover, reaching 69%. In Q3 2018, the water reservoirs' average level was 64.9% of the maximum, 13.1 percentage points lower than in Q3 2017.

Average monthly electricity prices, €/MWh



In Q3 2018, the average electricity price in the Estonian price area was 53.5 €/MWh, i.e. 17.5 €/MWh higher than in Q3 2017.

In July, electricity prices were influenced by the heatwave that hit the region in the second half of the month. The need to cool the air increased electricity consumption. The rise in demand, in turn, pushed up the price. Compared to June, the average electricity price in the Estonian price area rose by 13.1% to 54.1 €/MWh.

In August, the electricity price rose less: by 2.4% in the Estonian price area (55.4 €/MWh). In the second half of August, electricity prices in the Nordic countries rose due to a wave of maintenance operations at the Swedish nuclear power plants, which ended in the middle of September. During the peak maintenance period at the last weekend in August, over 5,000 MW of production capacities were down. The electricity price was somewhat stabilised by the Nordic hydro balance, which in August recovered vigorously but at the end of the month began to weaken again.

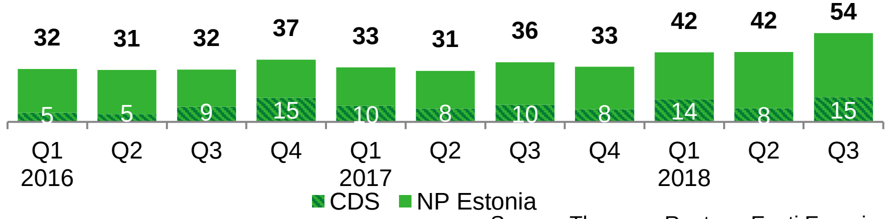
In Q3 2018, the average electricity price in the Latvian price area was 57.5 €/MWh, i.e. 20.4 €/MWh higher than in Q3 2017. The average electricity price in the Lithuanian price area was also 57.5 €/MWh, i.e. 20.4 €/MWh higher than in Q3 2017.

In addition to the general rise in Nordic electricity prices, one reason for the growth in Latvian and Lithuanian prices is attributable to the maintenance of the NordBalt interconnector between Sweden and Lithuania, which lasted from 16 August to 28 October.

The other reason for the increasing price differential between Estonia and Latvia is increased flows of Russian electricity into the Baltics. Imports of Russian electricity by the Lithuanian system operator limits the ability of Estonian and Finnish electricity to compete in the Latvian and Lithuanian markets. It should also be noted that Russian electricity producers have an unfair advantage compared to EU producers as they do not have to purchase CO_2 allowances for their emissions.

The electricity price in Nord Pool's Estonian price area also influences the development of Eesti Energia's clean dark spread (CDS). 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

In Q3 2018, Eesti Energia's clean dark spread was 15.0 €/MWh (+4.8 €/MWh, +47.4% compared to Q3 2017). Increase in NP Estonia average electricity price (+17.5 €/MWh) covered the impact of higher cost of CO_2 (-14.1 €/MWh). Impact of the cost of oil shale equalled +1.4 €/MWh.

Liquid Fuels Prices Were Influenced by Sanctions Imposed on Iran

A widely-traded oil product, which is closest to our shale oil, is fuel oil with 1% sulphur content. The price of fuel oil depends mainly on the price of Brent crude oil. Rises in crude oil and fuel oil prices have a positive impact on Eesti Energia because they strengthen the price of shale oil and thus increase our revenue.

In July 2018, the average price of Brent crude was 75.0 USD/bbl, USD 1.0 (1%) lower than in June. The price was affected by the deterioration of political relations between the US and Iran and Libya's indication that it would increase its crude oil supply.

In August, the average price of crude oil was 73.9 USD/bbl, USD 1.1 lower than in July. Although the average monthly price dropped slightly, the oil market trended upward. The main contributing factors were a decrease in the number of active oil rigs in the US, the United States' sanctions against Iran and a fall in Venezuelan crude oil production.

Liquid Fuels Prices

Average price		Q3 2018	Q3 2017	Change
Brent crude oil	USD/bbl	75.8	52.2	+45.3%
Fuel oil (1% sulphur content)	€/t	365.7	252.3	+44.9%
Euro exchange rate	EUR/ USD	1.1632	1.1760	-1.1%

In September, the average price of Brent crude oil was 79.1 USD/bbl. Compared to August, the price rose by 7%, i.e. USD 5.3, mainly due to a decrease in the US crude oil inventories.

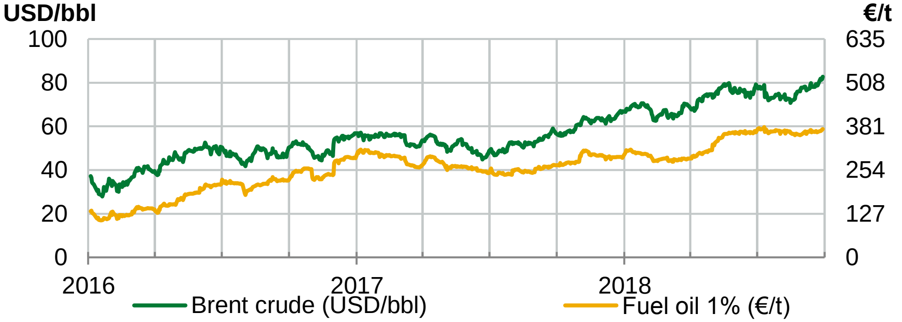
In Q3 2018, the average price of Brent crude oil was 75.8 USD/bbl, i.e. 45.3% higher than in the same period in 2017 (+23.6 USD/bbl). The last time the average price of Brent crude oil was above 75 USD/bbl was in Q4 2014 when it was 77.1 USD/bbl.

Brent Crude Oil

In Europe, demand for fuel oil grew in Q3 2018 (compared to Q3 2017), mainly due to a pan-European heatwave which increased the need for cooling air in production and industrial buildings. The price was also increased by the summer maintenance of refineries, which reduced fuel oil supplies.

In Q3 2018, the average price of fuel oil with 1% sulphur content was 365.7 €/t, i.e. 44.9% (113.3 €/t) up on Q3 2017. The price of fuel oil was the highest in July (371.4 €/t) and the lowest in August (358.6 €/t).

Liquid Fuels Prices



Emission Allowance Prices Hit the Past 9 Years' Highest Level

The higher the price of emission allowances, the larger our oil shale electricity production costs, which has a negative impact on our financial performance.

The price of CO_2 emission allowances has grown substantially in 2018, surging from 7.8 €/t at the beginning of the year to 21.2 €/t at the end of September.

In July, the average price of CO_2 emission allowances was 16.4 €/t. In August, the price grew by 15.5% to 18.9 €/t, primarily due to cutbacks in the quantities of allowances being auctioned.

Prices of CO_2 Emission Allowances, €/t

Source: Thomson Reuters

In September, the average price of emission allowances continued to grow, rising by 13.4% (compared to the previous month) to 21.5 €/t. On 10 September the price reached 25.23 €/t, the highest level in the past 9 years.

In Q3 2018, the average price of CO_2 emission allowance futures maturing in December 2018 was 18.9 €/t, 216.6% (12.9 €/t) higher than in Q3 2017.

The prices of CO_2 emission allowances have been rising since November 2017 when the EU decided to reform its emissions trading system by reducing the number of allowances traded in order to achieve its renewable energy targets. The European Commission approved the reform in February 2018.

Prices of CO_2 Emission Allowances

Average price (€/t)	Q3 2018	Q3 2017	Change
CO_2 December 2018	18.9	6.0	+216.6%
CO_2 December 2019	19.1	6.0	+217.2%

Financial Results

Revenue and EBITDA

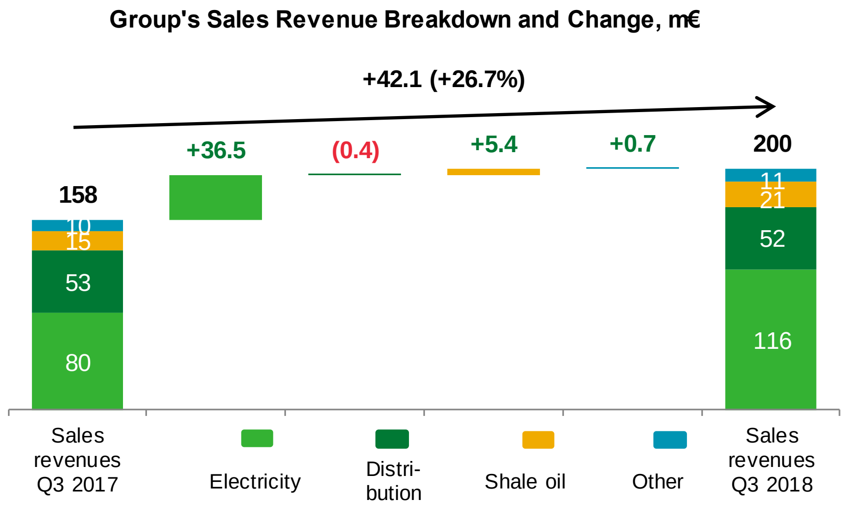
In Q3 2018, Eesti Energia generated revenue of 199.7 million euros, a 26.7% improvement on Q3 2017 (+42.1 million euros).

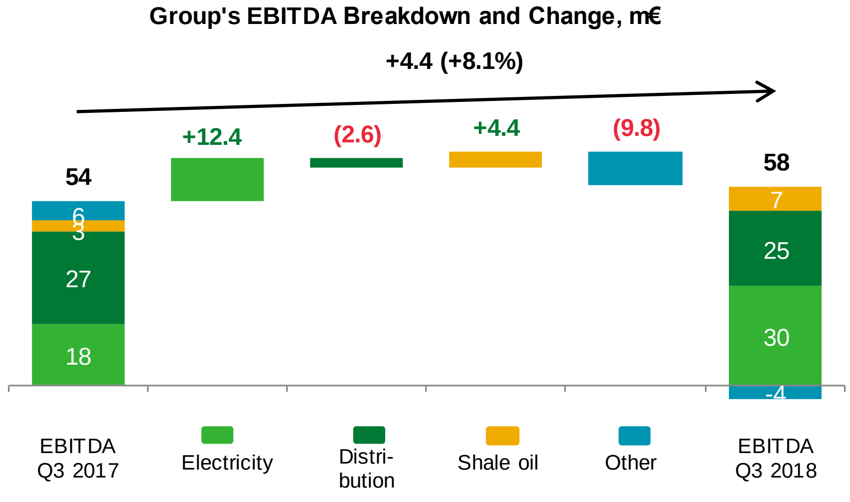
Compared to Q3 2017, EBITDA grew by 8.1% to 58.4 million euros (+4.4 million euros) while net profit decreased by 32.8% to 10.9 million euros (-5.3 million euros).

The sales volumes of all the Group's core products increased. Growth in electricity and shale oil sales revenues was underpinned by larger sales volumes as well as higher market prices. Revenue from the provision of the distribution service decreased due to the reduction of network charges, which lowered the sales price. Revenue from the sale of other products and services grew, mainly through higher revenue from the sale of mining products. Revenue from the sale of heat and natural gas declined year on year

Electricity EBITDA improved thanks to a higher margin and larger sales volume. Distribution service EBITDA declined due to a lower margin and higher fixed costs. Shale oil EBITDA grew through higher sales prices.

EBITDA attributable to other products and services decreased year on year, mainly because revenue from liquidated damages received for the delay in the delivery of the Auvere power plant declined.





Electricity

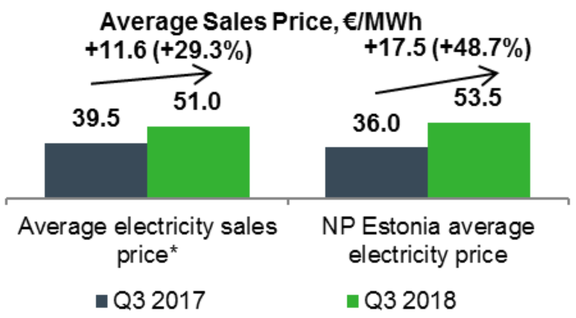
Through the years, electricity has been one of the main sources of Eesti Energia's revenue and profit. In Q3 2018, we also earned the largest share of our revenue from the sale of electricity.

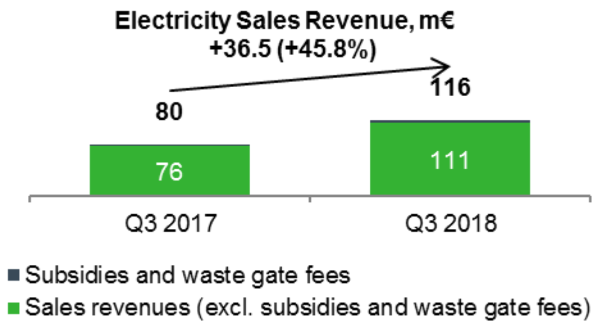
Electricity Sales Revenue

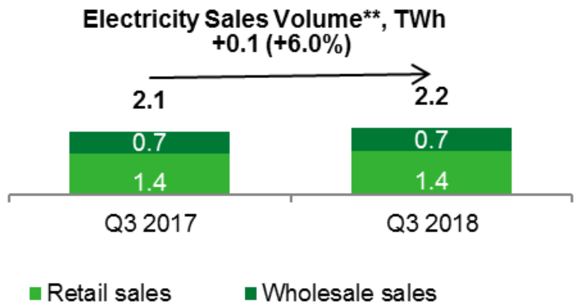
Compared to Q3 2017, both the sales price and sales volume of electricity grew. Electricity sales revenue for Q3 2018 amounted to 116.2 million euros, growing by 45.8% (+36.5 million euros) year on year.

Average Sales Price of Electricity

The average sales price of electricity was 51.0 €/MWh, i.e. 29.3% higher than in Q3 2017 (+11.6 €/MWh). Among other items, the average sales price includes the impact of derivative transactions, which in Q3 2018 amounted to -1.1 €/MWh. Excluding the impact of derivative transactions, the average sales price was 31.9% higher than in Q3 2017. Compared to the same period last year, the gain on derivative transactions dropped by 2.3 million euros to a loss of -2.3 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 Auvere power plant's total sales volume

Electricity Sales Volume and Eesti Energia's Market Share

In Q3 2018, we sold 2,180 GWh of electricity, 261 GWh, i.e. 13.6%, more than in the same period last year.

Compared to Q3 2017, wholesale sales grew by 189 GWh (+34.4%) to 740 GWh and retail sales grew by 72 GWh (+5.2%) to 1,440 GWh. Retail sales broke down between markets as follows: Estonia 937 GWh (-21 GWh), Latvia 258 GWh (+15 GWh), Lithuania 187 GWh (+19 GWh) and Poland 58 GWh (+58 GWh).

Since spring 2018, Eesti Energia has been selling electricity to household customers in Finland and both household and corporate customers in Sweden. Electricity sales in Finland and Sweden are still in the start-up phase. Outside Estonia, Eesti Energia operates under the Enefit brand. To meet our sales commitments in those countries, we buy electricity from the power exchange.

In terms of customers' electricity consumption volumes, in Q3 2018 Eesti Energia's market share in Estonia was 59%, 1 percentage point larger than in Q3 2017. At the end of Q3 2018, universal service was consumed at 20% of electricity consumption points.

In Q3 2018, Eesti Energia's market shares in Latvia and Lithuania were 14.7% and 7.2% respectively. Our total share of the Baltic retail electricity market was 25%, remaining at the same level as in the same period last year.

Electricity Production Volume

In Q3 2018, we produced 2,182 GWh of electricity, 3.8% more than in Q3 2017 (+80 GWh). The growth in production volume was supported by a year-on-year rise in market prices. At the same time, output growth remained moderate because three generating units were on seasonal hold and the price of CO_2 emission allowances was significantly higher than in Q3 2017, which increased electricity production costs. Generating units 1, 2 and 12 of the Eesti power plant have been on hold because their permitted operating time is limited and we keep that additional resource for producing electricity in periods when the market price is high.

In Q3, we produced 77.3 GWh of renewable energy (+8.2%, +5.9 GWh), 64.4 GWh (+12%, +6.9 GWh) of this at Enefit Green. Most of the renewable energy was generated by wind farms, which produced 47.7 GWh of electricity (+18%, +7.3 GWh). Wind farms' energy production grew mainly thanks to wind conditions, which were more favourable than in the same period last year.

Renewable energy and efficient co-generation support received in Q3 amounted to 3.3 million euros (+0.4 million euros).

Key Figures of Electricity Product

		Q3 2018	Q3 2017
Return on fixed assets*	%	4.9	13.1
Electricity EBITDA	€/MWh	13.9	9.4

* Excluding impairment of production assets recorded in December 2013 and December 2015.

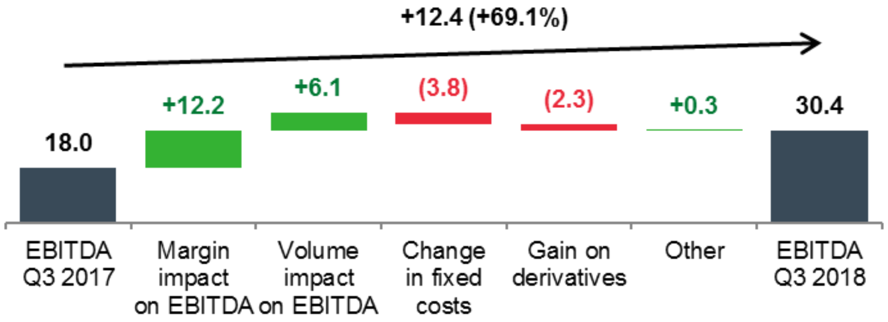
Electricity EBITDA

Electricity EBITDA for Q3 amounted to 30.4 million euros (+69.1%, +12.4 million euros). The impact of a higher margin on electricity EBITDA was +12.2 million euros (+5.6 €/MWh).

Average electricity sales revenue per megawatt hour (excluding the impact of derivative transactions) grew by 12.8 euros (impact: +27.9 million euros). This includes growth in the average sales price of electricity of 12.6 €/MWh and a rise in municipal waste gate fees of 0.2 €/MWh.

Growth in average variable costs had an impact of -15.8 million euros. Variable costs grew mainly through higher CO_2 emission allowance costs (impact: -9.4 million euros) and electricity purchase costs.

Electricity EBITDA Development, m€



The impact of a rise in electricity sales volume was +6.1 million euros and a decline in the gain on derivative transactions had an impact of -2.3 million euros.

The impact of a change in fixed costs was -3.8 million euros. Among other items, the figure includes the impact of higher labour costs of -1.8 million euros.

Other impacts of +0.3 million euros resulted mainly from the recognition of environmental provisions and write-down of inventories in the comparative period and a change in the value of derivative financial instruments.

Distribution

Distribution service is another major source of revenue and profit for Eesti Energia.

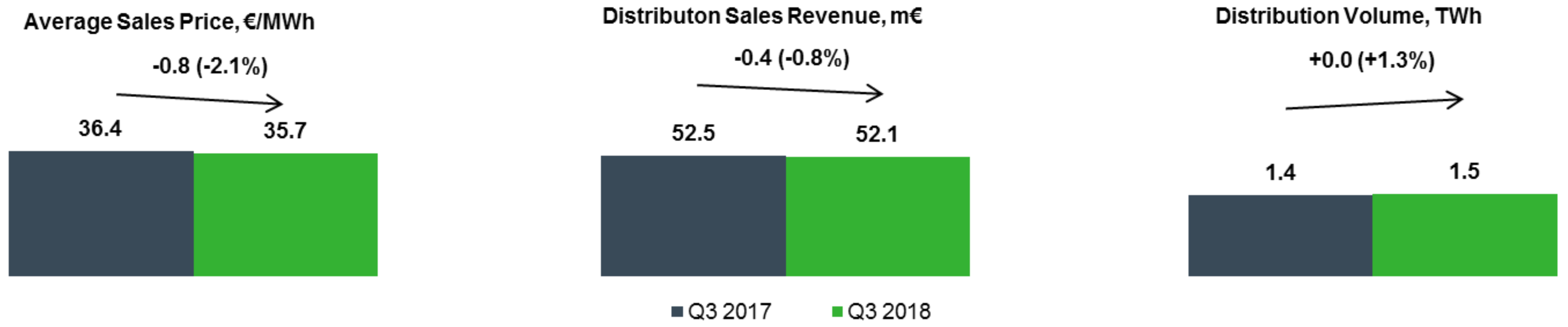
Sales Revenue, Sales Volume and Price of Distribution Service

In Q3 2018, distribution service revenue decreased by 0.8% to 52.1 million euros (-0.4 million euros), while sales volume grew by 1.3% to 1,460 GWh (+18.1 GWh).

In Q3 2018, the average price of the distribution service was 35.7 €/MWh, 0.8 €/MWh lower than in Q3 2017. The decrease in distribution service revenue and average price is mainly attributable to the reduction of network charges.

Distribution Losses

The period's distribution losses totalled 67.5 GWh, i.e. 4.33% of electricity entering the network (Q3 2017: 65.4 GWh, i.e. 4.21%), a 3% rise year on year.



Supply Interruptions

In Q3 2018, average duration of unplanned interruptions was 52.6 minutes (Q3 2017: 40.2 minutes). Average duration of planned interruptions was 20.1 minutes (Q3 2017: 19.3 minutes). The duration of planned interruptions depends on the volume of scheduled network maintenance and renewal operations.

Key Figures of Distribution Product

		Q3 2018	Q3 2017
Return on fixed assets	%	5.7	7.2
Distribution losses	GWh	67.5	65.4
SAIFI	index	0.63	0.63
SAIDI (unplanned)	index	52.6	40.2
SAIDI (planned)	index	20.1	19.3
Adjusted RAB	m€	781	767

The rise in the System Average Interruption Duration Index (SAIDI) resulted from strong winds in September, which increased the number of unplanned interruptions compared to the same period last year.

Power outages can be reduced by replacing bare conductors with weatherproof cables. At the end of Q3 2018, 87% of Elektrilevi's low-voltage network and 38% of its medium-voltage network was weatherproof.

Distribution Service EBITDA

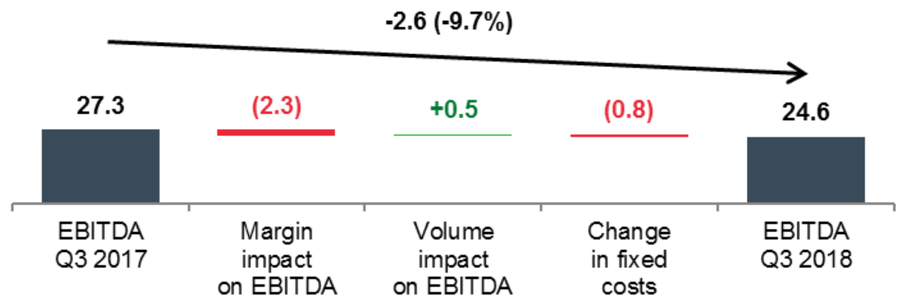
Distribution service EBITDA for Q3 2018 amounted to 24.6 million euros (-9.7%, -2.6 million euros).

The decrease in distribution service EBITDA is mainly attributable to a lower margin (total impact: -2.3 million euros), which in turn resulted from a decline in the average sales price and growth in the cost of distribution losses.

Distribution sales volume grew by 1.3%, improving distribution service EBITDA by 0.5 million euros.

Fixed costs of the distribution service grew compared to Q3 2017 due to a rise in unplanned repair and maintenance costs caused by worse weather conditions.

Distribution EBITDA Development, m€



Shale Oil

Shale oil production is a business line that has great potential but is strongly influenced by fluctuations in relevant market prices.

In Q3 2018, market prices grew by 43.1% compared to the same period in 2017.

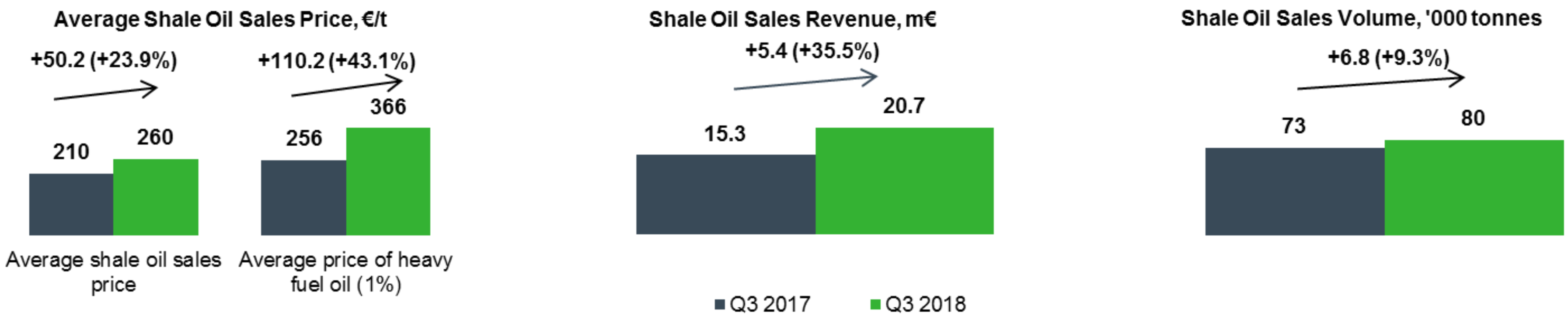
Shale Oil Sales Revenue and Sales Volume

In Q3 2018, we sold 79.5 thousand tonnes of shale oil, which generated revenue of 20.7 million euros. Compared to the same period in 2017, shale oil sales revenue grew by 35.5% (+5.4 million euros).

Sales volume grew by 9.3% (+6.8 thousand tonnes). Shale oil sales volume and revenue grew year on year through higher market prices and a rise in the sale of oil shale gasoline.

Average Sales Price of Shale Oil

In Q3 2018, the average sales price of shale oil (including the impact of derivative transactions) grew by 23.9% year on year to 260.3 €/t (+50.2 €/t). The rise is mainly attributable to higher market prices and a better price spread.



Derivative transactions of the period resulted in a loss of 101.8 €/t. In Q3 2017, derivative transactions gave rise to a loss of 33.0 €/t. Excluding the impact of derivative transactions, in Q3 2018 the average sales price of shale oil was 362.1 €/t (+49.0%, +119.0 €/t). The world market price of the reference product, heavy fuel oil, increased by 43.1% year on year.

Shale Oil Production Volume

In Q3 2018, we produced 103.6 thousand tonnes of shale oil, 45.6% (+32.4 thousand tonnes) more than in the same period in 2017. The rise in output is attributable to our production facilities' higher operational reliability and shorter maintenance downtime of the Enefit280 oil plant.

Key Figures of Shale Oil Product

		Q3 2018	Q3 2017
Return on fixed assets*	%	4.8	1.9
Shale oil EBITDA	€/t	91.6	39.3

* Excluding impairment of production assets recorded in December 2013 and December 2015.

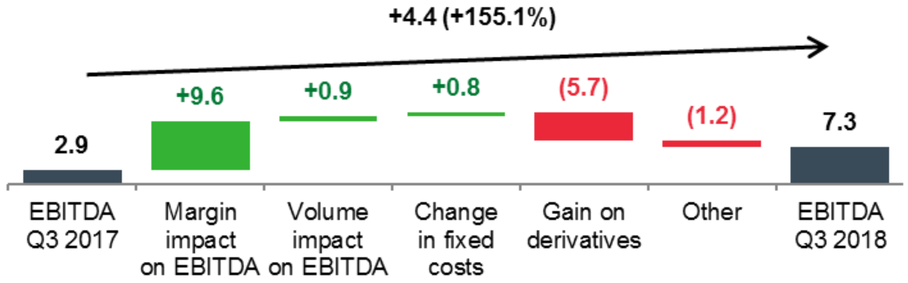
Shale Oil EBITDA

Shale oil EBITDA for Q3 2018 amounted to 7.3 million euros (+155.1%, +4.4 million euros).

The impact of growth in shale oil sales volume was +0.9 million euros.

Margin growth improved EBITDA by 9.6 million euros (+120.2 €/t), resulting mainly from a rise in the average sales price (+119.0 €/t).

Shale Oil EBITDA Development, m€



The impact of a change in fixed costs was +0.8 million euros. Among other items, the figure includes the impacts of growth in repair and maintenance costs of -0.6 million euros and labour costs of -1.3 million euros. The fixed cost component of a change in inventories was +2.5 million euros.

Growth in the loss on derivative transactions lowered shale oil EBITDA by 5.7 million euros.

Other impacts on shale oil EBITDA totalled -1.2 million euros, resulting mainly from a change in the value of derivative financial instruments.

Other Products and Services

Sales of heat, natural gas and industrial equipment supplement Eesti Energia's product portfolio and generate additional revenue.

Eesti Energia sells natural gas in Estonia, Latvia, Lithuania and Poland. In Estonia, we sell gas to both household and corporate customers. In other countries, we focus on corporate customers only.

In Q3 2018, our retail sales of natural gas in Estonia totalled 34.5 GWh and based on customers' gas consumption volumes, Eesti Energia's market share was 14%.

In Latvia our Q3 retail sales of gas amounted to 26.2 GWh, in Lithuania to 7.7 GWh and in Poland to 5.6 GWh.

In terms of customers' gas consumption volumes, in Q3 2018 our market shares in Latvia and Lithuania were 1.1% and 0.3% respectively.

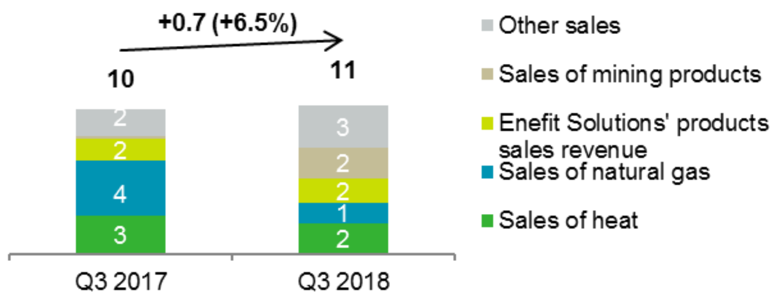
Sales Revenue on Other Products and Services

In Q3 2018, revenue from the sale of other products and services totalled 10.7 million euros, a 6.5% improvement (+0.7 million euros) on Q3 2017.

Revenue from other products and services grew mainly through higher revenue from the sale of mining products. Revenues from the sale of industrial equipment and oil shale energy development projects increased as well.

Revenue from the sale of heat and natural gas decreased compared to the same period last year. Heat sales volume dropped by 12.7 GWh (-20.3%) and gas sales volume by 64%.

Sales Revenues From Other Products and Services, m€



EBITDA on Other Products and Services

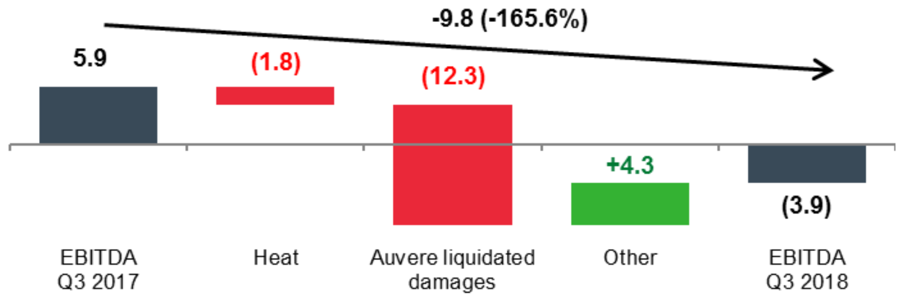
In Q3 2018, EBITDA on other products and services decreased by 9.8 million euros compared to the same period in 2017, dropping to -3.9 million euros.

The impact of liquidated damages received for the delay in the delivery of the Auvere power plant was -12.3 million euros. Liquidated damages agreed with the builder were recognised until the delivery of the power plant. From Q3 2018, no liquidated damages are recognised.

EBITDA on heat supply decreased by 1.8 million euros, mainly due to a smaller sales volume and higher costs.

Other impacts increased EBITDA by 4.3 million euros in total

Other EBITDA Development, m€



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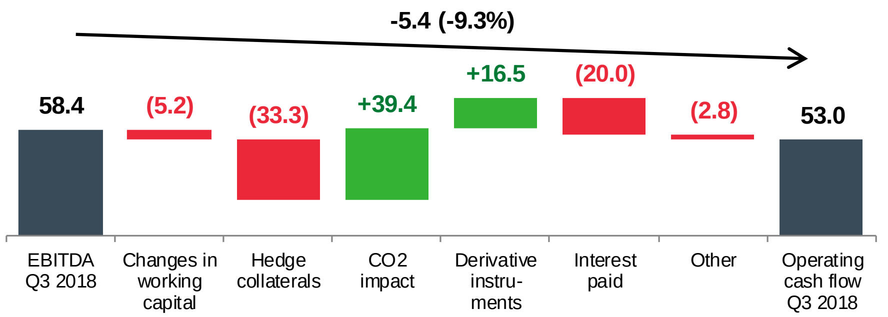
Cash Flows

The Group's net operating cash flow for Q3 2018 amounted to 53.0 million euros, being 9%, i.e. 5.4 million euros smaller than EBITDA, which amounted to 58.4 million euros.

EBITDA to Operating Cash Flows Development, m€



Changes in working capital lowered operating cash flow relative to EBITDA by 5.2 million euros. Working capital was reduced by inventory growth, which had an impact of -10.2 million euros, and a decrease in current liabilities, which had an impact of -2.9 million euros. A decrease in current receivables increased working capital by 8.5 million euros.

Cash flow was also affected by a change in hedge collaterals, which had an impact of -33.3 million euros.

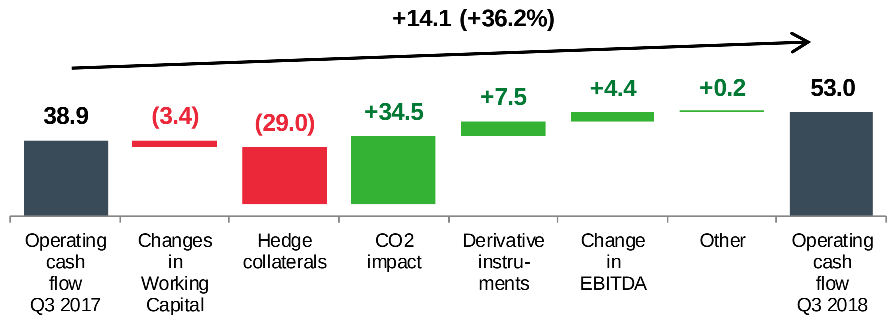
Transactions related to CO_2 emission allowances increased operating cash flow relative to EBITDA by 39.4 million euros. The figure includes the impacts of the recognition of provisions for CO_2 emission allowances of +28.3 million euros, the purchase of CO_2 emission allowances of -6.2 million euros and a change in the market price of CO_2 futures of +17.3 million euros.

Derivative transactions (excluding CO_2 derivatives) had an impact of +16.5 million euros, including the impacts of electricity derivatives of +15.7 million euros, shale oil derivatives of +1.5 million euros and gas derivatives of -0.7 million euros. The item comprises both non-monetary and monetary impacts on EBITDA and cash flows from operating activities.

The impact of interest paid was -20.0 million euros. Other impacts on operating cash flows totalled -2.8 million euros, including the impact of the recognition of network connection fees of -2.1 million euros.

Compared to Q3 2017, net operating cash flow increased by 36% (+14.1 million euros).

Operating Cash Flow Changes, m€



Changes in working capital reduced net operating cash flow compared to Q3 2017 by 3.4 million euros. Working capital was affected by inventory growth, which had an impact of -10.0 million euros and decreases in current receivables and current liabilities, which had an impact of +13.1 million euros and -7.1 million euros respectively.

Cash flow was also affected by a change in hedge collaterals, which had an impact of -29.0 million euros.

The impacts of transactions related to CO_2 emission allowances totalled +34.5 million euros, including the impacts of the recognition of provisions for CO_2 emission allowances of +12.5 million euros, the purchase of CO_2 emission allowances of +6.2 million euros and a change in the market price of CO_2 futures of +15.8 million euros.

The impact of derivatives (excluding CO_2 derivatives) was +7.5 million euros, including the impacts of electricity derivatives of +13.3 million euros, shale oil derivatives of -5.3 million euros and gas derivatives of -0.5 million euros.

The impact of a change in EBITDA was +4.4 million euros and other impacts totalled +0.2 million euros.

Strategy

Foundations for new success

In June 2018, we updated Eesti Energia's strategic action plan for the period 2018-2022.

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 capacity to also pay the owner dividends in a situation where market prices are low.

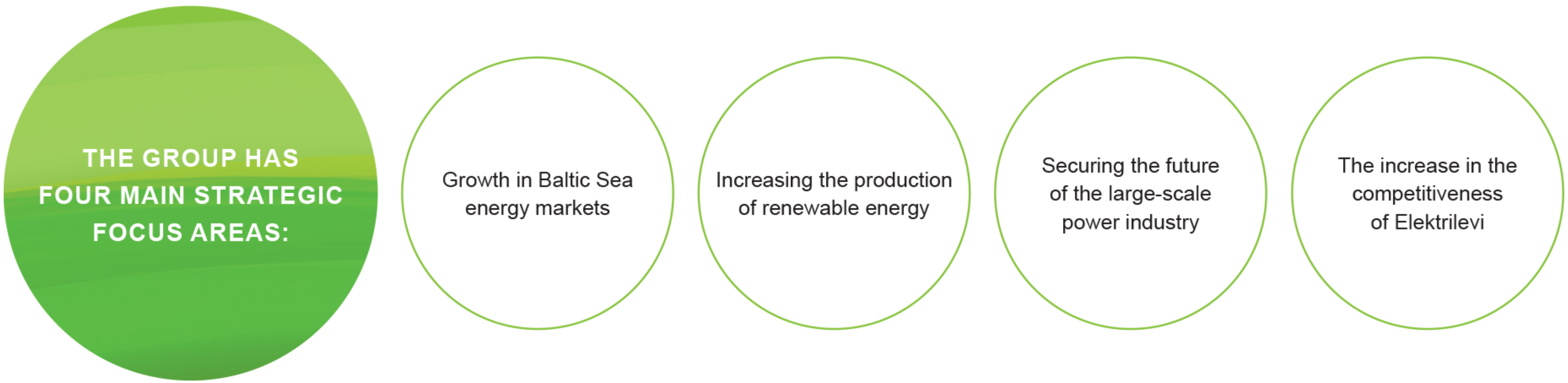
The strategy has four main focus areas:

1. Growing in the markets of the Baltic Sea region
2. Increasing the output of renewable energy
3. Ensuring the future of large-scale energy production
4. Improving the competitiveness of Elektrilevi.

In addition, the strategy outlines development projects, which have the strongest impact on Eesti Energia's performance in the next five years.

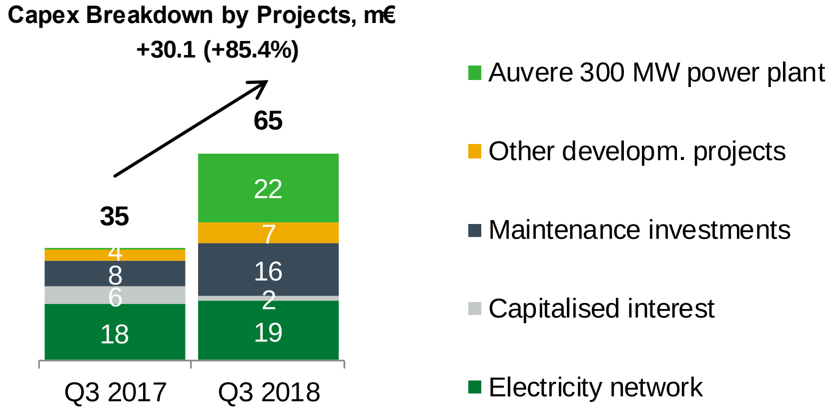
Activities Related to Strategic Initiatives in Q3 2018

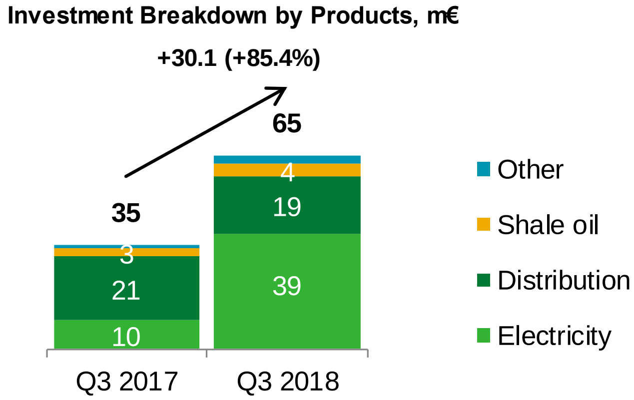
- In summer 2018, Eesti Energia's renewable energy entity Enefit Green and the Finnish state-owned enterprise Metsähallitus signed an agreement, which provides Enefit Green with an opportunity to develop the **Tolpanvaara wind farm** in Finland. The wind farm, which will be built in an area between the forests belonging to Metsähallitus where wind conditions are excellent, is expected to have a capacity of around 100 MW. The precise cost and capacity of the facility will become clear after relevant procurement tenders have been carried out.
- In the **Enefit Technology Parks** project, we completed the container park of the Iru Technology Park where modular containerised data centres can be interconnected. In Q3, Eesti Energia's Iru and Narva Technology Parks found five new customers.
- We also completed the **Narva opencast electricity line** project: now the opencast is connected with separate electicity line to generating unit 8 of the Eesti power plant which supplies it with electricity.



Investment

In Q3 2018, our capital expenditures totalled 65.3 million euros, an 85% increase on Q3 2017 (+30.1 million euros). Expenditures on the distribution network totalled 18.7 million euros (+6.2%, +1.1 million euros) and maintenance and repair expenditures (excluding the distribution network) amounted to 16.3 million euros (+101.4%, +8.2 million euros).





New Strategic Development Projects

In the period 2018-2022 we are going to carry out a number of projects outlined in our strategic action plan, which are aimed at increasing Eesti Energia's competitiveness.

In Q3 2018, capital expenditures on the projects listed in the strategic action plan totalled 3.0 million euros. Out of this amount, we invested 2.0 million euros in developing the Tolpanvaara wind farm in Finland, 0.3 million euros in building separte electricity line for the Narva opencast connecting it to the power plant and 0.2 million euros in developing the Enefit Technology Parks.

Auvere Power Plant

The construction of the Auvere power plant began in 2011. It is a modern 300 MW circulating fluidised bed (CFB) power plant where oil shale fuel can be supplemented with different domestic fuels: biomass (up to 50%), peat (up to 20%) and oil shale gas (up to 10%). The Auvere power plant can produce around 1 TW of renewable energy per year. Its maximum annual net generation is around 2.2 TWh, i.e. it can cover around one fourth of Estonia's annual electricity consumption.

The plant began producing electricity in 2015 already but in the commissioning phase it appeared that under higher production capacities its particle emissions exceeded regulatory limits. To reduce particle emissions, in 2017 the general contractor, General Electric, built additional fabric filters and ancillary equipment. During the construction period, the plant operated at a lower capacity so that the permitted emission levels would not be exceeded.

In the last round of tests, the Auvere power plant passed a 28-day trial run as well as performance and emission tests. In addition, at the beginning of July the last grid test (a fault ride through test) was carried out in cooperation with the transmission system operator Elering. All tests yielded positive results.

On 31 July, Eesti Energia's energy production subsidiary Enefit Energiatootmine signed and issued a certificate of provisional acceptance of the Auvere power plant by which the operation of the plant was transferred from General Electric to Enefit Energiatootmine. This marked the beginning of the contractual warranty and availability period, which lasts for two years.

The 300 MW capacity of the Auvere power plant will compensate for a part of the 600 MW loss in Estonia's power production capacity, which will occur in 2019 when some of the older generating units will be closed.

The budget of the power plant construction project was 638 million euros. The actual cost amounted to 610 million euros.

In Q3 2018, the gross output of the Auvere power plant was 575.4 GWh and from its start-up in 2015 to the end of Q3 2018 the plant produced 4.9 TWh of electricity

Improving Electricity Distribution Quality

In Q3 2018, capital expenditures on maintaining and consistently improving the quality of the distribution network totalled 18.7 million euros (Q3 2017: 17.6 million euros).

During the quarter, we built 65 substations and 355 km of network (Q3 2017: 55 substations and 356 km of network).

At the end of Q3 2018, 87% of Elektrilevi's low-voltage network was weatherproof (at the end of Q3 2017: 83%). Within a year, the weatherproof low-voltage network increased by 1,334 km and the bare conductor network decreased by 1,346 km.

At the end of Q3 2018, 66% of the entire low- and medium-voltage network was weatherproof (at the end of Q3 2017: 63%).

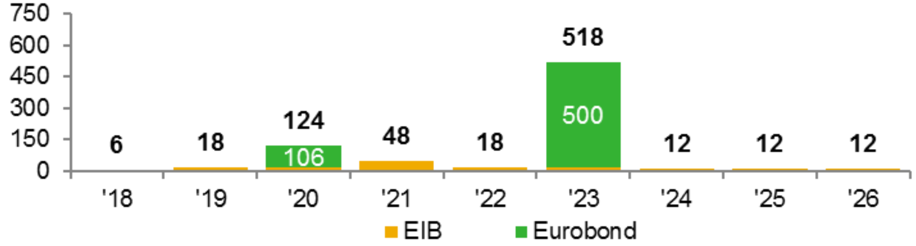
Financing

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 Q3 2018, the nominal value of the Group's borrowings was 768.6 million euros (at the end of Q2 2018: 932.9 million euros). The amortised cost of the Group's borrowings was 722.6 million euros (at the end of Q2 2018: 885.0 million euros).

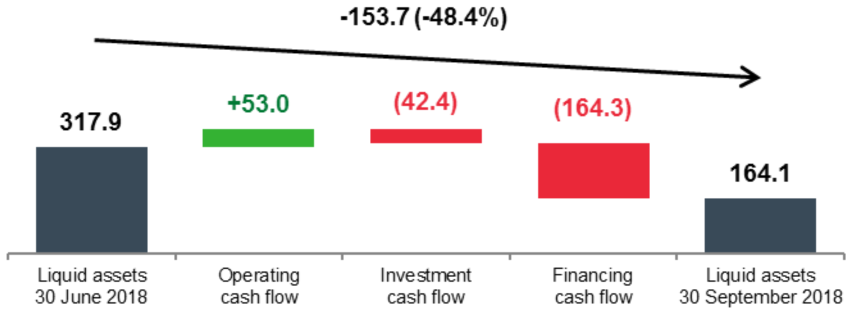
At the end of Q3 2018, long-term borrowings comprised Eurobonds listed on the London Stock Exchange with a nominal value of 606.3 million euros and loans from EIB with a nominal value of 162.2 million euros. In Q3, we made EIB a scheduled loan repayment of 12.4 million euros and redeemed bonds of 152 million euros due to the arrival of the maturity date. Altogether, we settled borrowings of 164.3 million euros.

Debt Maturity, m€



At the end of Q3 2018, the Group's liquid assets stood at 164.1 million euros. In addition, at the end of Q3 Eesti Energia had undrawn credit facilities of 450 million euros. The figure comprises facilities of 150 million euros provided by two regional banks (SEB and OP Corporate Bank), which can be drawn down until July 2020, and facilities of 300 million euros provided by three regional banks (SEB, OP Corporate Bank and Swedbank), which can be drawn down until June 2021.

Liquidity Development in Q3 2018, m€



At the end of Q3 2018, the Group's credit ratings were BBB (Standard & Poor's, outlook negative) and Baa3 (Moody's, outlook stable). In Q2 2018, Standard & Poor's placed Eesti Energia's rating on its watch list with a possibility of a downgrade (CreditWatch negative). In August 2018, Standard & Poor's confirmed Eesti Energia's credit rating at its previous level of BBB (outlook negative).

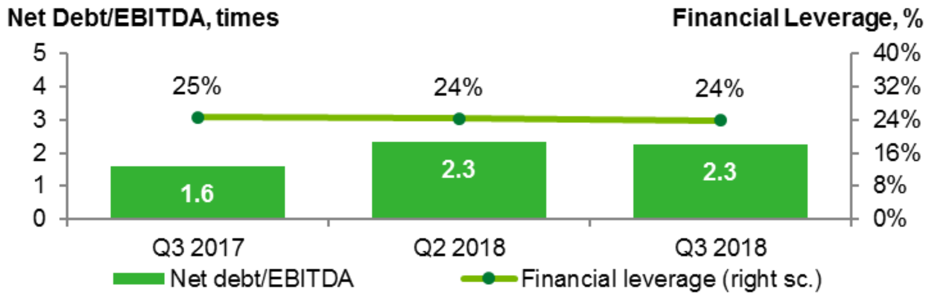
At the end of Q3 2018, the weighted average interest rate of Eesti Energia's borrowings was 2.49% which is lower than at the end of Q2 2018 (2.76%). The weighted average interest rate of borrowings has decreased due to the redemption of bonds that matured in 2018 and carried a coupon rate of 4.25%.

The Group has fully locked in the risk resulting from fluctuations in the base rate component of the interest rates of its borrowings. The base rates of all borrowings are fixed until maturity and all borrowings are denominated in euros.

At the end of Q3 2018, the Group's net debt amounted to 558.5 million euros (at the end of Q2 2018: 567.1 million euros). The net debt to EBITDA ratio was 2.3 (at the end of Q2 2018: 2.3). 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 undertaken to comply with certain financial covenants. At the end of Q3 2018, the Group's financial indicators complied with all contractual covenants.

Net Debt/EBITDA Ratio and Financial Leverage



Outlook for 2018

The Group's outlook for 2018 has improved compared with the forecast presented in the Q2 interim report.

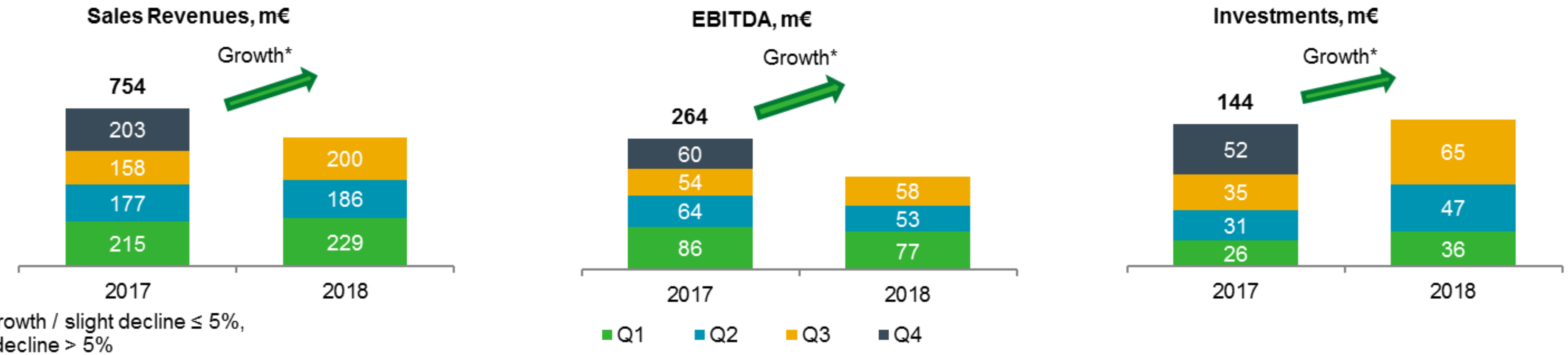
According to projections, in 2018 our revenue, capital expenditures and EBITDA will increase compared to the previous year.

Electricity sales revenue will be supported by a rise in its average sales price, which will also have a positive impact on electricity EBITDA. However, the latter indicator will be adversely affected by growth in emission allowance prices.

Shale oil sales revenue and EBITDA will increase, underpinned by a rise in the market price of liquid fuels. Growth in shale oil sales revenue will also be supported by a year-on-year rise in production volumes.

Capital expenditures will grow compared to 2017, mainly in connection with the deferral of some of the maintenance and repair investments of 2017 to 2018 and a rise in the volume of development projects. The largest planned investment of 2018 is the final payment for the Auvere power plant.

For 2017, we will pay the owner a dividend of 15.8 million euros, which will give rise to income tax expense of 4.0 million euros.



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

Hedging Transactions

Eesti Energia's revenues from electricity and liquid fuel sales depend on global market prices. The key factors which influence our performance 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 2018 comprise 2.1 TWh of electricity (including forward sales in the retail market) at an average price of 46.3 €/MWh and 74.2 thousand tonnes of shale oil at an average price of 256.2 €/t.

Forward sales for delivery in 2019 comprise 3.5 TWh of electricity at an average price of 44.7 €/MWh and 272.3 thousand tonnes of shale oil at an average price of 272.2 €/t.

Our CO_2 emission allowance position for 2018 amounts to 12.5 million tonnes at an average price of 8.8 €/t. The position for 2019 amounts to 4.5 million tonnes at an average price of 16.7 €/t.

Condensed Consolidated Interim Income Statement and Statement of Comprehensive Income

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

in million EUR	Note	Q3 2018	Q3 2017	9m 2018	9m 2017	12m 2018/17	12m 2017/16
Revenue	3	199.7	157.6	614.2	550.4	817.6	776.2
Other operating income	4	1.5	9.6	16.0	41.6	40.5	117.4
Government grants		0.1	-	0.3	0.3	0.4	0.4
Change in inventories of finished goods and work-in-progress		5.6	1.2	7.8	(0.9)	10.2	(1.4)
Raw materials and consumables used		(95.5)	(70.2)	(289.4)	(226.4)	(388.9)	(309.2)
Payroll expenses		(35.8)	(32.0)	(109.5)	(101.4)	(149.7)	(138.1)
Depreciation, amortisation and impairment		(41.1)	(33.7)	(109.7)	(101.7)	(143.8)	(137.7)
Other operating expenses		(17.2)	(12.1)	(51.2)	(59.1)	(82.2)	(80.8)
OPERATING PROFIT		**17.3**	**20.4**	**78.5**	**102.8**	**104.1**	**226.8**
Financial income		0.1	0.1	0.3	0.7	0.4	0.8
Financial expenses		(7.4)	(4.9)	(11.3)	(16.4)	(14.5)	(17.7)
Net financial income (expense)		**(7.3)**	**(4.8)**	**(11.0)**	**(15.7)**	**(14.1)**	**(16.9)**
Profit from associates using equity method		1.0	0.6	1.8	2.0	2.5	2.3
PROFIT BEFORE TAX		**11.0**	**16.2**	**69.3**	**89.1**	**92.5**	**212.2**
CORPORATE INCOME TAX EXPENSE		**(0.1)**	**-**	**(3.2)**	**(11.4)**	**(3.2)**	**(11.4)**
PROFIT FOR THE PERIOD		**10.9**	**16.2**	**66.1**	**77.7**	**89.3**	**200.8**
Equity holder of the Parent Company		**10.8**	**16.2**	**66.0**	**77.6**	**89.2**	**200.6**
Non-controlling interest		**0.1**	**-**	**0.1**	**0.1**	**0.1**	**0.2**
Basic earnings per share (euros)	10	0.02	0.03	0.11	0.12	0.14	0.32
Diluted earnings per share (euros)	10	0.02	0.03	0.11	0.12	0.14	0.32

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE

in million EUR	Q3 2018	Q3 2017	9m 2018	9m 2017	12m 2018/17	12m 2017/16
PROFIT FOR THE PERIOD	**10.9**	**16.2**	**66.1**	**77.7**	**89.3**	**200.8**
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Revaluation of hedging instruments	8.5	0.7	(30.6)	30.4	(44.7)	7.2
Currency translation differences attributable to foreign subsidiaries	0.4	(1.0)	0.9	(3.0)	0.6	(1.4)
Other comprehensive income for the period	**8.9**	**(0.3)**	**(29.7)**	**27.4**	**(44.1)**	**5.8**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**19.8**	**15.9**	**36.4**	**105.1**	**45.2**	**206.6**
Equity holder of the Parent Company	**19.7**	**15.9**	**36.3**	**105.0**	**45.1**	**206.4**
Non-controlling interest	**0.1**	**-**	**0.1**	**0.1**	**0.1**	**0.2**

Condensed Consolidated Interim Statement of Financial Position

in million EUR	Note	30.09.2018	30.09.2017	31.12.2017
Non-current assets				
Property, plant and equipment	7	2 508,1	2 459,3	2 474,5
Intangible assets		40,1	37,8	38,7
Investments in associates		38,0	4,0	35,6
Derivative financial instruments	8	0,1	0,2	0,2
Long-term receivables		1,3	32,7	1,3
Total non-current assets		**2 587,6**	**2 534,0**	**2 550,3**
Current assets				
Inventories		82.9	64.6	67.9
Greenhouse gas allowances	0	111.3	95.2	97.1
Trade and other receivables		129.2	104.1	125.2
Derivative financial instruments	8	8.9	7.7	3.3
Cash and cash equivalents		164.1	307.9	298.7
Total current assets		**496.4**	**579.5**	**592.2**
Total assets	**3**	**3,084.0**	**3,113.5**	**3,142.5**

in million EUR	Note	30.09.2018	30.09.2017	31.12.2017
EQUITY				
Capital and reserves attributable to equity holder of the Parent Company				
Share capital	9	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		(42.8)	1.9	(12.2)
Unrealised exchange rate differences		9.5	8.9	8.6
Retained earnings		873.8	800.5	823.6
Total equity and reserves attributable to equity holder of the Parent Company		**1,784.0**	**1,754.8**	**1,763.5**
Non-controlling interest		**0.4**	**0.4**	**0.4**
Total equity		**1,784.4**	**1,755.2**	**1,763.9**
LIABILITIES				
Non-current liabilities				
Borrowings	11	704.7	866.8	711.2
Other payables		12.5	1.5	1.5
Deferred income		206.8	190.9	195.8
Provisions	13	34.4	30.9	32.5
Total non-current liabilities		**958.4**	**1,090.1**	**941.0**
Current liabilities				
Borrowings	11	17.9	17.9	169.9
Trade and other payables		172.6	193.1	177.6
Derivative financial instruments	8	64.3	4.4	18.2
Deferred income		0.5	0.2	0.3
Provisions	13	85.9	52.6	71.6
Total current liabilities		**341.2**	**268.2**	**437.6**
Total liabilities		**1,299.6**	**1,358.3**	**1,378.6**
Total liabilities and equity		**3,084.0**	**3,113.5**	**3,142.5**

Condensed Consolidated Interim Statement of Cash Flows

in million EUR	Note	Q3 2018	Q3 2017	9m 2018	9m 2017	12m 2018/17	12m 2017/16
Cash flows from operating activities							
Cash generated from operations	12	72.9	58.7	168.7	256.1	208.1	315.7
Interest and loan fees paid		(20.0)	(19.9)	(20.2)	(20.3)	(26.8)	(27.1)
Interest received		0.1	0.1	0.3	0.2	0.4	0.3
Corporate income tax paid		-	-	(11.4)	-	(11.5)	-
Net cash generated from operating activities		**53.0**	**38.9**	**137.4**	**236.0**	**170.2**	**288.9**
Cash flows from investing activities							
Purchase of property, plant and equipment and intangible assets		(47.8)	(26.3)	(124.9)	(82.4)	(155.3)	(115.0)
Proceeds from connection and other fees		4.7	4.3	16.2	13.8	21.4	17.3
Proceeds from grants of property, plant and equipment		0.3	0.2	0.2	0.2	0.3	0.2
Proceeds from sale of property, plant and equipment		0.9	0.5	1.4	1.2	2.4	3.6
Loans granted	15	-	(0.8)	-	(35.6)	(0.2)	(36.5)
Repayments of loans granted		-	-	-	28.4	-	28.4
Purchase of financial investments		-	(34.9)	-	(34.9)	-	(34.9)
Contribution to the share capital of associates		(0.9)	-	(3.2)	-	(3.2)	-
Dividends received from long-term financial investments		0.4	-	2.6	1.6	2.6	1.6
Proceeds from repurchase of shares and liquidation of associate		-	-	-	18.5	-	18.5
Proceeds from sale of financial investments		-	-	-	-	34.9	-
Net cash used in investing activities		**(42.4)**	**(57.0)**	**(107.7)**	**(89.2)**	**(97.1)**	**(116.8)**
Cash flows from financing activities							
Received long-term loans		-	-	-	0.2	-	0.2
Redeemed bonds		(152.0)	-	(152.0)	-	(152.0)	-
Repayments of bank loans		(12.4)	(60.1)	(12.4)	(60.9)	(17.9)	(66.3)
Repayments of other loans		-	-	-	(0.5)	-	(1.2)
Acquisition of non-controlling interest in a subsidiary		-	-	-	(1.0)	-	(1.9)
Dividends paid		-	-	-	-	(47.0)	-
Net cash used in financing activities		**(164.3)**	**(60.1)**	**(164.3)**	**(62.2)**	**(216.9)**	**(69.2)**
Net cash flows		**(153.8)**	**(78.2)**	**(134.6)**	**84.6**	**(143.8)**	**102.9**

Condensed Consolidated Interim Statement of Changes in Equity

in million EUR	Attributable to equity holder of the Parent Company						Non-control-ling interest	Total
	Share capital	Share premium	Statutory legal reserve	Other reserves	Retained earnings	Total		
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	-	-	-	-	77.6	77.6	0.1	77.7
Other comprehensive income for the period	-	-	-	27.4	-	27.4	-	27.4
Total comprehensive income for the period	**-**	**-**	**-**	**27.4**	**77.6**	**105.0**	**0.1**	**105.1**
Dividends declared	**-**	**-**	**-**	**-**	**(47.0)**	**(47.0)**	**-**	**(47.0)**
Acquisition of non-controlling interest of subsidiary	**-**	**-**	**-**	**-**	**(0.3)**	**(0.3)**	**(0.6)**	**(0.9)**
Total transactions with owners of the company, recognised directly in equity	**-**	**-**	**-**	**-**	**(47.3)**	**(47.3)**	**(0.6)**	**(47.9)**
Equity as at 30.09.2017	**621.6**	**259.8**	**62.1**	**10.8**	**800.5**	**1,754.8**	**0.4**	**1,755.2**
Equity as at 31.12.2017	**621.6**	**259.8**	**62.1**	**(3.6)**	**823.6**	**1,763.5**	**0.4**	**1,763.9**
Profit for the period	-	-	-	-	66.0	66.0	-	66.0
Other comprehensive income for the period	-	-	-	(29.7)	-	(29.7)	-	(29.7)
Total comprehensive income for the period	**-**	**-**	**-**	**(29.7)**	**66.0**	**36.3**	**-**	**36.3**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends declared	**-**	**-**	**-**	**-**	(15.8)	(15.8)	-	(15.8)
Total transactions with owners of the company, recognised directly in equity	**-**	**-**	**-**	**-**	**(15.8)**	**(15.8)**	**-**	**(15.8)**
Equity as at 30.09.2018	**621.6**	**259.8**	**62.1**	**(33.3)**	**873.8**	**1,784.0**	**0.4**	**1,784.4**

Additional information about equity is disclosed in Note 9.

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". The consolidated condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRSs as adopted by the EU.

Accounting policies and presentation of financial statements applied to this interim report were consistent with those used in financial statements for the financial year that ended on 31 December 2017.

Disclosure Initiative - Amendments to IAS 7 became effective for the Group from 1 January 2017. The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The Group disclosed a reconciliation of movements in liabilities arising from financing activities in the notes to the financial statement.

Other new International Financial Reporting Standards adopted, amendments to and International Financial Reporting Interpretations Committee interpretations that became mandatory for the Group from 1 January 2018 did not have any impact to 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 2017.

According to the Management Board the interim report prepared for the period 1 January 2018 - 30 September 2018 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 2017. 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 30 September 2018 ja 31 December 2017:

30 September 2018

in million EUR	Level 1	Level 2	Total
Assets			
Trading derivatives (Note 8)	(0.6)	7.1	6.5
Cash flow hedges (Note 8)	2.3	0.2	2.5
Total financial assets	**1.7**	**7.3**	**9.0**
Liabilities			
Trading derivatives (Note 8)	-	33.2	33.2
Cash flow hedges (Note 8)	0.2	30.9	31.1
Total financial liabilities	**0.2**	**64.1**	**64.3**

31 December 2017

in million EUR	Level 1	Level 2	Total
Assets			
Trading derivatives (Note 8)	0.6	2.1	2.7
Cash flow hedges (Note 8)	0.8	-	0.8
Total financial assets	**1.4**	**2.1**	**3.5**
Liabilities			
Trading derivatives (Note 8)	-	1.3	1.3
Cash flow hedges (Note 8)	-	16.9	16.9
Total financial liabilities	**-**	**18.2**	**18.2**

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.

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	30.09.2018	31.12.2017
Nominal value of bonds	606.3	758.3
Market value of bonds on the basis of quoted sales price	645.6	817.8
Nominal value of bank loans with fixed interest rate	162.2	174.6
Fair value of bank loans with fixed interest rate	165.1	177.4
Nominal value of bank loans with floating interest rate	-	-
Fair value of bank loans with floating interest rate	-	-

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.

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 generated 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 segments (including production and sale of heat, sale of oil-shale, construction of electrical network, power engineering equipment and services, development and sale of technology for production and sale of liquid fuels, sale of old metal, ash of oil-shale, 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	Q3 2018	Q3 2017	9m 2018	9m 2017
Electricity	116.2	79.7	310.8	263.6
Distribution	52.1	52.5	177.1	182.4
Shale oil	20.7	15.3	69.5	58.1
Other products and services	10.7	10.1	56.7	46.3
Total	**199.7**	**157.6**	**614.2**	**550.4**

EBITDA

in million EUR	Q3 2018	Q3 2017	9m 2018	9m 2017
Electricity	30.4	18.0	80.5	78.3
Distribution	24.6	27.3	77.0	86.0
Shale oil	7.3	2.9	22.6	15.3
Other products and services	(3.9)	5.9	8.1	24.9
Total	**58.4**	**54.1**	**188.2**	**204.5**
Depreciation and amortisation	(41.1)	(33.7)	(109.7)	(101.7)
Net financial income (expense)	(7.3)	(4.8)	(11.0)	(15.7)
Profit from associates using equity method	1.0	0.6	1.8	2.0
Profit before tax	**11.0**	**16.2**	**69.3**	**89.1**

ASSETS

in million EUR	30.09.2018	30.09.2017	31.12.2017
Electricity	1,374.5	1,302.5	1,300.2
Distribution	1,033.3	1,064.3	1,069.4
Shale oil	314.0	288.5	280.6
Other products and services	362.2	458.2	492.3
Total	**3,084.0**	**3,113.5**	**3,142.5**

4. Other operating income

in million EUR	9m 2018	9m 2017
Fines, penalties and compensations	8.9	21.6
Gain from revaluation of derivatives	5.7	0.1
Gain on disposal of associate	-	18.5
Other operating income	1.4	1.4
Total other operating income	**16.0**	**41.6**

5. Greenhouse gas allowances and certificates of origin

in million EUR	9m 2018	9m 2017
Greenhouse gas allowances at the beginning of the period	**96.8**	**47.3**
Acquired	72.8	94.7
Returned to state for the greenhouse gas emissions (Note 13)	(60.3)	(46.8)
Greenhouse gas allowances at the end of the period	**109.3**	**95.2**
Certificates of origin at the beginning of the period	**0.3**	**-**
Acquired	1.7	-
Certificates of origin at the end of the period	**2.0**	**-**
Total greenhouse gas allowances and certificates of origin at the end of the period	**111.3**	**95.2**

The value of greenhouse gas allowances acquired is recognised as intangible current assets. During the nine months of this year 12,183,437 tonnes of greenhouse gas emission allowances were returned to state (9 months in 2017: 11,356,171 tonnes).

Green certificates (certificates of origin) for a Polish subsidiary

Green certificates (certificates of origin) acquired for a Polish company is recognised as intangible current assets. In accordance with Energy Law provisions in Poland, the main mechanism to support the production of electricity from renewable sources is the system of so-called green certificates. This solution is the market mechanism conducive to the development of renewable energy. Its essence is, imposed on energy companies selling electricity to end users, obligation to obtain certain amount of certificates of origin for electricity produced from renewable energy sources, or to pay a substitute fee. Usually the value of the substitution fee is equal to the maximum price for a green certificate which may be obtained in a given year. Energy companies that did not fulfil their obligation (to purchase certificates or pay a substitution fee in a given year) are subject to penalties. The obligation (to purchase certificates or pay a substitution fee) resting with a given company for any given year constitutes a required percentage share of electricity in the total amount of electricity supplied by this company to end users.

In addition to the green certificates in Poland, there are use also:

•red ones – certificates of origin of the electricity derived from so-called cogeneration and combined heat and power production;

•yellow ones (formerly blue) – certificates of origin from small cogeneretaion sources gas-fired or of power below 1 MW,

•purple ones – certificates of origin from sources that use gas from demethanation mines;

•blue ones – from new, highly efficient sources;

•white ones – aimed at promoting energy efficiency and reducing consumption of the final energy

6. 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.

7. 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 31.12.2017							
Cost	42.9	248.4	1,041.5	2,116.9	6.2	605.2	4,061.1
Accumulated depreciation	-	(105.2)	(432.3)	(1,044.2)	(4.9)	-	(1,586.6)
Net book amount	42.9	143.2	609.2	1,072.7	1.3	605.2	2,474.5
Total property, plant and equipment as at 31.12.2017	**42.9**	**143.2**	**609.2**	**1,072.7**	**1.3**	**605.2**	**2,474.5**
Movements in the reporting period							
Purchases of property, plant and equipment	-	-	-	14.4	0.1	127.0	141.5
Depreciation charge	-	(4.6)	(21.9)	(80.5)	(0.3)	(0.2)	(107.5)
Disposals	-	(0.1)	-	(0.3)	-	-	(0.4)
Exchange differences	0.1	-	-	-	-	-	0.1
Transfers	-	78.7	100.5	479.0	0.1	(658.4)	(0.1)
Total movements in 9m 2018 period	**0.1**	**74.0**	**78.6**	**412.6**	**(0.1)**	**(531.6)**	**33.6**
Property, plant and equipment as at 30.09.2018							
Cost	43.0	326.9	1,141.9	2,601.9	6.4	73.6	4,193.7
Accumulated depreciation	-	(109.7)	(454.1)	(1,116.6)	(5.2)	-	(1,685.6)
Net book amount	43.0	217.2	687.8	1,485.3	1.2	73.6	2,508.1
Total property, plant and equipment as at 30.09.2018	**43.0**	**217.2**	**687.8**	**1,485.3**	**1.2**	**73.6**	**2,508.1**

As at 30 September 2018, the Group had contractual liabilities relating to the acquisition of non-current assets totalling EUR 78.7 million (31 December 2017 EUR 102.7 million).

8. Derivative Financial Instruments

in million EUR	30.09.2018		31.12.2017	
	Assets	Liabilities	Assets	Liabilities
Future contracts for buying and selling electricity as cash flow hedges	2.5	0.2	0.8	-
Forward and future contracts for buying and selling electricity as trading derivatives	1.1	5.7	1.0	1.6
Future contracts for buying and selling greenhouse gas emissions allowances as trading derivatives	0.1	0.1	0.1	0.2
Swap and future contracts for buying and selling gas as trading derivatives	2.6	1.0	0.1	0.2
Swap, forward and option contracts for selling shale oil as cash flow hedges	-	30.9	-	16.8
Swap and option contracts for selling shale oil as trading derivatives	2.7	26.4	1.5	(0.6)
Total derivative financial instruments	**9.0**	**64.3**	**3.5**	**18.2**
including non-current portion:				
Swap, forward and option contracts for selling fuel oil as cash flow hedges	-	-	0.2	-
Future contracts for buying and selling electricity as cash flow hedges	0.1	-	-	-
Total non-current portion	**0.1**	**-**	**0.2**	**-**
Total current portion	**8.9**	**64.3**	**3.3**	**18.2**

9. Share capital

As at 30 September 2018, Eesti Energia AS had 621 645 750 registered shares (31 December 2017: 621 645 750 registered shares). The nominal value of each share is 1 euro.

10. 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.

Earnings per share	Q3 2018	Q3 2017	9m 2018	9m 2017	12m 2018/17	12m 2017/16
Profit attributable to the equity holders of the company (million EUR)	10.8	16.2	66.0	77.6	89.2	200.6
Weighted average number of shares (million)	621.6	621.6	621.6	621.6	621.6	621.6
Basic earnings per share (EUR)	0.02	0.03	0.11	0.12	0.14	0.32
Diluted earnings per share (EUR)	0.02	0.03	0.11	0.12	0.14	0.32

11. Borrowings at amortised cost

in million EUR	Short-term borrowings		Long-term borrowings		Total
	Bank loans	Bonds issued	Bank loans	Bonds issued	
Borrowings at amortised cost 31.12.2017	**17.9**	**152.0**	**156.5**	**554.7**	**881.1**
	-	-	-	-	-
Movements in the reporting period					
Amortization of borrowing expenses	-	-	-	5.9	5.9
Repayment of a loan	-	-	(12.4)	-	(12.4)
Redemption of bonds	-	(152.0)	-	-	(152.0)
Total movements in 9m 2018 period	**-**	**(152.0)**	**(12.4)**	**5.9**	**(158.5)**

As at 30 September 2018 the Group had undrawn loan facilities of EUR 450.0 million (31 December 2017: EUR 150.0 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). In addition the Group has on 28 June 2018 signed credit facilities in total amount of EUR 300.0 million. The facilities were signed on bilateral basis with three regional banks including Swedbank (EUR 150.0 million), OP Corporate Bank (EUR 100.0 million) and SEB Pank (EUR 50.0 million). The term of the facilities is three years.

In September 2018 Eesti Energia redeemed EUR 152.0 million worth of bond. The bond was redeemed in connection with its maturing.

12. Cash Generated from Operations

in million EUR	Q3 2018	Q3 2017	9m 2018	9m 2017	12m 2018/17	12m 2017/16
Profit before tax	**11.0**	**16.2**	**69.3**	**89.1**	**92.5**	**212.2**
Adjustments						
Depreciation and impairment of property, plant and equipment	40.5	33.0	107.5	99.3	140.8	134.1
Amortisation and impairment of intangible assets	0.6	0.7	2.3	2.4	3.0	3.6
Deferred income from connection and other service fees	(2.1)	(1.9)	(6.1)	(5.6)	(8.0)	(7.4)
Gain on disposal of property, plant and equipment	(0.3)	(0.3)	(0.7)	(0.7)	(0.7)	(1.3)
Gain on disposal of associate	-	-	-	(18.5)	-	(18.5)
Amortisation of government grant received to purchase non-current assets	(0.1)	-	(0.3)	(0.3)	(0.4)	(0.4)
Profit/loss from associates using equity method	(1.0)	(0.6)	(1.8)	(2.0)	(2.5)	(2.3)
Unpaid/unsettled gain/loss on derivatives	13.7	9.0	10.0	5.8	14.0	(9.5)
Loss from doubtful loan receivables	-	-	-	9.4	0.2	10.3
Foreign exchange gain/loss from lending in foreign currency	-	1.0	-	4.2	0.5	2.1
Interest expense on borrowings	7.1	3.0	10.4	9.6	12.7	13.1
Interest and other financial income	(0.1)	(0.1)	(0.3)	(0.2)	(0.3)	(0.2)
Adjusted net profit before tax	**69.3**	**60.0**	**190.3**	**192.5**	**251.8**	**335.8**
Net change in current assets relating to operating activities						
Change in receivables related to operating activities	8.5	(4.6)	26.0	75.3	4.9	(12.0)
Change in inventories	(10.2)	(0.2)	(15.0)	0.6	(18.3)	2.2
Net change in other current assets relating to operating activities	(37.3)	(17.9)	(44.2)	5.3	(80.9)	(29.2)
Total net change in current assets relating to operating activities	**(39.0)**	**(22.7)**	**(33.2)**	**81.2**	**(94.3)**	**(39.0)**
Net change in current liabilities relating to operating activities						
Change in provisions	28.5	11.4	15.0	(5.0)	35.7	2.8
Change in trade payables	(8.4)	11.0	(23.5)	0.1	(14.4)	13.6
Net change in liabilities relating to other operating activities	22.5	(1.0)	20.1	(12.7)	29.3	2.5
Total net change in liabilities relating to operating activities	**42.6**	**21.4**	**11.6**	**(17.6)**	**50.6**	**18.9**
Cash generated from operations	**72.9**	**58.7**	**168.7**	**256.1**	**208.1**	**315.7**

13. Provisions

in million EUR	Opening balance 31.12.2017	Recognition and reversal of provisions	Interest charge	Use	Closing balance 30.09.2018	Closing balance 30.09.2018
					Short term provision	Long term provision
Environmental protection provisions	28.7	-	0.6	(0.8)	4.3	24.2
Provision for termination of mining operations	0.8	-	-	-	-	0.8
Employee related provisions	5.3	-	-	(0.7)	0.3	4.3
Provision for dismantling cost of assets	3.7	1.2	0.2	-	-	5.1
Provision for greenhouse gas emissions	65.1	75.7	-	(60.3)	80.5	-
Provision for onerous contracts	0.5	(0.5)	-	-	-	-
Provision for renewable energy certificates	-	0.8	-	-	0.8	-
Total provisions	**104.1**	**77.2**	**0.8**	**(61.8)**	**85.9**	**34.4**

14. Acquisition of shares of Nelja Energia AS

On 29 May 2018 Eesti Energia AS's fully owned subsidiary Enefit Green AS as the buyer, and Vardar Eurus AS and minority shareholders as the sellers entered into a Share Purchase Agreement regarding all the shares in Nelja Energia AS, a renewable energy producer and developer in the Baltic countries. The transaction remains subject to approval by the County Executive Board of Buskerud County Administration, and customary approvals and clearances by relevant competition authorities.

The consideration payable for 100% of the shares of Nelja Energia amounts to EUR 289 million. In addition, the buyer assumes Nelja Energia's net debt which amounted to EUR 204 million as at the end of 2017.

15. 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	9m 2018	9m 2017
Purchase of goods	12.9	15.7
Purchase of services	-	0.4
Proceeds from sale of goods	0.1	0.1
Proceeds from sale of services	1.9	-
Loans granted	-	35.6

RECEIVABLES FROM ASSOCIATES AND PAYABLES TO ASSOCIATES AND TO OTHER RELATED PARTIES

in million EUR	30.09.2018	31.12.2017
Receivables	11.3	10.9
incl long-term loan receivables	11.3	10.9
Allowance for doubtful loan receivables	(11.3)	(10.9)
Payables	3.1	3.2
incl long-term payables	1.5	1.5

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 - 30 September 2018 remuneration to management and supervisory boards amounted to EUR 2.2 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	9m 2018	9m 2017
Purchase of services	55.7	54.4
Purchase of goods	8.7	8.4
Purchase of property, plant and equipment and prepayments	5.1	2.6
Sale of goods and services (incl. renewable energy grant)	14.5	14.1

RECEIVABLES FROM ELERING AS AND PAYABLES TO ELERING AS

in million EUR	30.09.2018	31.12.2017
Receivables	2.3	2.6
Payables	11.2	20.6

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 revenue