Good, welcome to quarterly earnings call of Eesti Energia. My name is Margus Kaasik and I am presenting you the results for Q3 for year 2012. Without any further delay let's jump to page three where we have outlined our - summarised our results and the results are good. To say that it was another good quarter this year. Actually, during this year all three quarters - during all three quarters we have been able to grow our EBIT by ten percent or more and this quarter the same. Perhaps differently from last quarter for instance, our revenues were also growing. We grew our revenues at six percent. EBIT ten percent and cash flow remained stable compared to third quarter last year. Investments, or CAPEX, have peaked to some extent and as long as we are not committing to any new investments we see CAPEX gradually declining.

Turning to next page – page four – there is a summary of our or power market here and basically, the same story applies as during last quarter as the prices are quite low on the spot market. If we look at the Estonia Nord Pool it was EUR39/MWh, that is ten percent less than a year ago but nevertheless, the margins are good that we are earning. If we are looking at our clean dark spread, basically the margin after we subtract the CO2 cost and the fuel cost, then we see that still the clean dark spread is good. It is about EUR20/MWh and that is something that every producer can only hope for in some other markets.

Secondly, what has been clearly, in this market, seen that Baltic-Estonian market, and also whole Baltic power market, has been much more resilient than the Nordic market. In the Nordic area we have seen a lot of hydro energy and quite depressed prices; especially the system prices have been quite low. The Finnish prices have held a little bit better and Estonian prices better still, so the prices here are less volatile in Estonia than they are in Nordics in general. And basically, a good example of this is the fact that 90 percent of the time or 90 percent of the hours the price in Estonian Nord Pool area was higher than in Helsinki area or in Finland.

Also in this quarter we did evidence some cross-border issues as Nord Pool has made another price area in the Estonian and Latvian border. That basically, has made the border cross a bit more costly and that start to influence, to somewhat, our sales to other Baltic countries - to Latvia and Lithuania.

Now, turning to page five; about revenues, we try to pretty much sums it up that we had growth in all our core products. Growth in oil sales grew, we see growth in network services sales and also the power sales went up and we did see a decline in some other revenues. And especially well is the oil sales standing out this quarter as the volumes of oil sales grew quite significantly.

On the next page – page six – we have a slide about regulated electricity market. The situation is quite similar, we see a little growth in volumes as consumption is steadily growing here in Estonia, but we don’t see much change in the revenue side, and most important fact here is that from next year the market in Estonia will be fully liberalised. All the clients are then eligible, Clients will have to buy electricity on the open market. The sales campaigns have already started by all the market participants, us included. We have, by now already, concluded about close to 20,000 contracts with our clients. We do expect that not all of the clients are changing the supplier or opting to sign a contract on an eligible power market and we do see that quite a substantial portion of the clients will stay on the public supply. And the public supply from the next year will be linked Nord Pool spot price here in Estonia and there is a reasonable margin on top of it. So, I think it will be something that at least some clients will be opting and waiting and seeing how the power market plays out.

On the next slide – slide seven – in the open market side, in the open power market side, we did very well on the retail side. Our sales grew significantly. We sold 671 GWh, that is close to 200 gigawatt hours more than a year ago; and we did sell less on the spot market than a year ago and mainly because the spot market prices were quite volatile and there were some hours where there was not reasonable to generate electricity for us as the margins were too low.

Commenting the sales prices here, we have shown that on the slide that we have on average got EUR53/MWh, that is quite significantly higher than the spot price was. This also includes the financial hedges and the revenues that we got from Estlink Cable - those bottle-neck fees. If we strip all those out and look only the, basically, the physical sales that we have made even then basically, we can see that we have got roughly EUR46/MWh compared to 39 that was the spot price. And basically, the higher price is due to two facts. Firstly, on the retail market side we have had fixed price contracts and that is fixed at a more reasonable level and secondly, of course, also in the spot market we do select the hours where we generate and therefore get higher than average price for our generation.

A final note here is about renewable subsidies. These were down somewhat from last year and they will be down also in the future because we got most of the biomass subsidy from coal firing biomass in our Narva power plant and now we - just recently the legislation, or let us say the draft of the legislation, was passed that denies us, Narva power plant, the use of biomass or the subsidies for the biomass. So, we will see a less renewable subsidy going forward. Sometime later on we most likely start receiving again those biomass subsidies but as long as Estonia has fulfilled so-called renewable energy targets then that long we probably will not get biomass subsidy in our power plants. The wind still gets the subsidy and we will have two new wind parks up and running from next year so, that will increase a bit the renewable subsidy as well for us, but does not compensate what we lose on the
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Now, on the next slide – slide eight – about the network fees. Here, again, we are witnessing the consumption is growing, so basically the economic climate also here in Estonia is that stable that enables electricity growth stability to continue. The network tariffs currently are good. From last year 1 August we had a reset in regulatory tariffs and the new regulatory period began and this enables us now to earn reasonable profit; and that is basically, all that is important from the network business currently. The losses, also, are low. They were low during the last quarter and if we look at the 12-month rolling average then that was again 5.8 percent. That is quite a good accomplishment from our part.

Now on the next slide – slide nine – about the oil sales we have sold significantly more oil than a year ago; 60,000 tons I guess is, that is the personal best for us that we have done so far. The prices were good as well as the market is strong. The Brent price is holding up quite well on the spot market, and for us what is important also that fuel oil cracks are also strong both on spot side and also on the forward side. So, that gives us a really, really healthy price for fuel oil and therefore the margins, also, are up. The hedges are currently, you know, out of the money; in the sense that also some time ago and also currently we can witness downwards sloping Brent forward curve and spot prices is holding up quite well. So, the hedges we do generally tend to result in loss but nevertheless the hedges are, for us, needed to reduce the volatility of the cash flows.

Now slide ten, about the other revenues. In other revenues we have seen quite a significant decline and there are two main reasons behind that. First of all, the sales of construction maintenance services from one of our subsidiary has declined somewhat and this is mainly due to the fact that the new oil plant where they were also participating as one of the sub-contractors; this oil plant is basically, construction is completed and therefore those revenues that went up quite fast for them during the last couple of years now are more stabilised and normalised. The second reason is that now we do not have any telecommunication revenues as we sold our telecommunication business in the first quarter of this year.

Now, turning to page eleven, just a bit of information on the cost side; the good news is that the cash cost are well under control. We see that both from less volume we do less cost, the price impacts also currently give us less cost mainly with CO2 is the reason. So, and the fixed costs are also lower. Basically, on the cost side we managed very well. We did see much higher depreciation, as we have recently completed some CAPEX and also we had quite a substantial loss from revaluation from some derivative positions, about EUR4 million. That is also a non-cash item so, on the cash side we are doing very well with our cost base.

Now slide twelve, about EBIT divided by our division. We see EBIT growing, as I said ten percent from 36 to 40. The main divider for that was our fuels divisions and especially the oil sales, and also the distribution network did increase their EBIT. And if we look at the EBIT split for last quarter then the fuels here are EUR18 million but if we only look at the oil side then EUR16 million actually was the profit or EBIT from oil sales. And then, you know, very roughly if we look at the revenue pie chart, a bit over one-third of EBIT came from oil; roughly one-third from distribution and a bit less than one-third from power. So, the oil business has increased its importance quite a bit.

On the next slide then, the profitability slide, with our divisions, on slide thirteen about retail business. Retail margins are quite low which can be evidenced here, the EBIT is less than EUR1 million. We actually do not see the EBIT growing much when we go to the open market, as the competition probably keeps the margins under control, from the consumer point of view. So, most likely, the low margin environment continues. On the cost side, all the way on the profitability, the margins, especially on the open market side, were quite good and that had a significant positive impact on our business result; but on the cost side we did less well and mainly the cost increases were because of the preparations that we need to do in our sales teams and sales systems because of this move to fully liberalise the market and that has cost us something.

On the next slide – fourteen – the distribution network earns, currently, the revenue that is allowed by the regulator close to eight percent. Everything goes as planned on that respect as we are, on the cost side, managing to do as well as regulatory is requiring. We invest pretty much exactly what regulatory is allowing so everything goes as planned. The first tariff year ended on 31st of July of this new cycle, and this ended well, we did earn what we were allowed.

The next slide is about generation, and generation did not that well as it did a year ago. And it is mainly because the spot market was somewhat weaker than a year ago. We did cut some costs significantly. We had significant returns from bottle-neck fee, from this Estlink cable, but then again, there was something that offset these positive effects and the biggest one was increased depreciation; then the sales margin in the spot market was somewhat lower and then, also, the derivative revaluation is something that decreased the result in the generation side.

Now, page sixteen, about the oil; as I already mentioned, the oil EBIT grew somewhat and now is, already - the fuels division is what we are talking now about, not oil only - but mainly, it comprises of the oil plant and oil business. Anyway, altogether fuel division increased their EBIT from 12 to 18 and it is mainly because of the increase in oil sale volumes as the margin in oil side is very healthy and this boost in sales volumes actually did contribute significantly to our earnings; and also, as I said previously, the higher sales margin on oil also gave us some benefit.
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We did have less profitability in our mining side but from that I tell you on the next slide, slide seventeen. That highlights the mining business and here there are few reasons that are behind this decline. Firstly, they are still selling oil shale at regulated prices. The price regulations end from next year, so this year, still, they are using regulated prices and these regulated prices have not caught up well with the increases on the cost side.

Secondly, we had increase in depreciation and then part of it was done because of write-offs of the closed mine. We closed one mine in - it was Aidu open cast mine that basically, was depleted. And then there was some write-offs regarding this closure and also the sales volume were lower this year and that also decreased the EBIT in the mining side.

Well, on the next side – eighteen – we are bringing it all up on the group level and here all the different impacts, on our profitability, are crystallised. Here you see that the oil sales have given basically, EUR13 million additional EBIT. That is quite a significant amount. Secondly, also network fees have given about EUR4 million. These are the two main drivers that grew the profitability. What did bring it down to 40 was depreciation, it was the EUR8 million growth significantly reduced the EBIT and secondly, is worth mentioning this a bit lower profitability on the electricity sales side.

Now on slide nineteen – cash flow, next two slides about cash flow – firstly the cash flow bridge where we showing how this cash flow was developed from EBITDA. EBITDA was EUR71 million this quarter. We had less provisions this quarter so, that did increase our so-called operating cash flow. The negative effects were mainly regarding the trade receivables; that did increase significantly - that was EUR13 million trapped in the receivables and this was mainly due to the higher sales especially during the last month of the quarter than we had higher inventories outstanding in the end of the quarter. And, of course, then we have interest and investment payments that subtracted EUR5 million and also the trade payables were decreased and that decreased the cash flow, as well. If we compare this picture to the last year's picture then, as also on the first slide, I showed that the cash flow did not change. It remained still on the EUR55 million. And there are some positive effects that were about to increase the cash flow, especially the change in EBITDA was quite significant, EUR10 million; and also the change in other current assets that is mainly CO2 related. We had to pay less for CO2 this year so, that gave another EUR10 million as a positive change. On the negative side the trade receivables was something we mentioned already and also the change in provisions. Although it contributed this year to the cash flow than it did last year. We did not have that impact and that effect is minus five.

On the next slide – twenty-one – we have the CAPEX. As is said, the CAPEX was a bit declining from last year so, we are behind the peak with those committed investments already. Most of the investments, nearly half of it, went to generation division and the biggest part is this new power plant in Narwa that took EUR41 million this quarter. And also, distribution network investments were roughly EUR27 million; that is about one-quarter of the annual amount that they are required to invest. Enelit oil plant took EUR13 million. The plant is basically complete already and we are commissioning it so these amounts are also now declining significantly. I think with or about projects is perhaps easier to talk on the next slide – it is twenty-two – if we look at that, quite a long list that we have presented for some time already. Basically, the first six rows are the projects that are already almost complete or from construction point of view complete. Enelit oil plant, the construction is ended. We are currently undertaking hot commissioning and also the first oil quite soon. The same applies to the development of oil shale industry infrastructure. That is also, basically, done and those conveyors, bridges and those fuel stocks yards have all been, basically, completed, it is done. Narva Wind Park, Palmiski Wind Park already up and running for a couple months already. We are undertaking the testing procedures and after those are complete that we are fulfilling all those grid code requirements and also the energy subsidies with those wind parks. Desulphurisation equipment also, basically, complete already; the testing and commissioning is what is going on now and Iru Waste Energy Plant is also in the very final phases by the end of this year and the beginning of next year we already start commissioning. So, we do start to see that the most of this list will be, actually, completed any time soon. Also from a business point of view as from a construction point of view they are already complete. On distribution network – well, that is an ongoing investment. We do and we agree for the regulatory period and the new power plant in Auvere also takes few years to complete. Now, on the next slide about liquidity and financial position, the position is very good. Our total liquidity is EUR241 million at the end of the quarter. In addition to that, we have 595 million of undrawn facilities available to us that comprises of 500 million of revolving credit facilities and 95 million of long-term credit line from EIB. As this liquidity position is as healthy as it is, then we have reduced or about to reduce our revolver line by EUR100 million this month so, we do not need to as much liquidity buffer we have currently on our hands.

If you look at the net debt EBITDA then, actually, we are even a bit, better positioned than we were a year ago. Net debt EBITDA is just 1.7 times and it is partly due to fact that we have got a little boost to our equity line by about 150 million that government injected on the 10th of July this year.

About the outlook, not much has changed. To say the outlook has not changed, we still expect that our revenues are stable if we compare the whole year and both the EBIT and EBITDA will grow somewhat compared to last year. And then we come to summary and to summarise, we did have a very good run this quarter, we had revenues of six percent, EBITDA up ten percent and, as I said, it is already the third quarter in a row where we had EBIT grow ten percent or more. This quarter earnings were grown mainly by higher oil sales and also higher distribution network profit. Liquidity position is very good, even I think it is very healthy. And this allows us to somewhat reduce the liquidity buffer that we have. And investments we did EUR100 million as several projects are nearing the final commissioning and, as I said, we are over the peak, currently, with the committed ones.
So, that is all from my end and definitely glad to answer any questions that you may have. Thank you.

Operator: Ladies and gentlemen, at this time we will begin the question and answer session for the financial analyst community. Anyone who wishes to ask a question may now press star followed by one on their touchtone telephones. If you wish to remove yourself from the question queue, you may press star and two. Your questions will be answered in the order they are received. If you are using speaker equipment today, please lift the handsets before making your selections. I repeat, if you would like to ask a question, please press star followed by one on your telephone. One moment for the first question, please. Mr Kaasik we have no questions coming through the lines at this time.

Margus Kaasik: Very well then. We, once again, thank everybody for participating and hopefully you tune in on the 1st of March when we are presenting the full-year results for 2012. Thank you.