Hi. Good morning and thank you very much for joining this investor call, where we discuss our third quarter financial results. Hopefully you had time to download the presentation from our website, the investor relations site. And without further ado, let me start with the presentation.

If you turn to page number three, there is a snapshot of our quarter. And essentially there is a continuation of a trend that we have seen throughout this year, through the previous quarters also. We have registered lower sales revenues while EBITDA has been relatively stable, growing by 2.9 percent in this quarter. On the other hand the operating cash flow is somewhat lower than last year. But investments have been substantially lower than last two years. And throughout this presentation, we will try to touch up on all of these features in turn.

Now if we turn to page number four, firstly I would like to go through the markets; how we have been doing and what has been the developments over there. Estonian Nord Pool price has actually, in this quarter, been at the level of 42.1 €/MWh. This is 3.8 percent lower than last year. However, what we have seen in this recent quarter, is there is one big difference to the first and second quarters of the year, namely that there has been a reappearance of a price spread, a price difference, between Estonia and Finland. And the price difference actually reached about 4.2 €/MWh per quarter. Main reason for that has been that the Estlink1 and Estlink2 cables have undergone some maintenance at times. And actually at some point there were also outages in parallel to these cables. So in certain hours the price difference was quite large, the Estonian price being higher than the Finnish price.

And therefore the quarter had actually resulted in a sort of reappearance of the price spread. In case the cables have been operational, then still this phenomena has not been present. If we also look at, as a second and last point in this slide, on the Clean Dark Spread, as we measure it of the full mining costs and after CO2 costs, then actually it has been a very good quarter for the power generation. 18 €/MWh is much higher than earlier quarters of this year, even though it falls short of last year by 4.8 €/MWh, it still is in a very good neighbourhood, where we would like it to stay for longer. So let’s see how this goes in the next quarters.

Now, if you turn to page number five, then there we plot the Estonia-Latvia electricity price spread and the difference there. Essentially if the cables are out, then obviously the price makers in Estonia are also the Latvian power market and the Lithuanian power market, which are short. And here you can see that the Latvian price development has been driving Estonian price also, to an extent in this quarter. And in case, obviously compared to last year, then the price difference has even widened and reached 14.6 €/MWh.

We also have a look at this price difference as a sort of influencer of our results in Latvia and Lithuania. We have retail sales portfolio there which is reducing in time but all in all, this quarter, the fees paid for the crossing the border were roughly at the same level as last year. So there hasn’t really brought about a lot of change in our profitability.

Finally, we have seen that the transmission system operators are introducing more capacity to the market. In 2015 we are expecting to see exactly the amounts and levels confirmed very shortly. And obviously we welcome that. It allows us to trade better and hedge our position better. So we look forward to seeing that, helping our results also next year.

Now if you turn to page number six, then obviously there’s one market which we are affected by, which has been under pressure in this quarter. This is the crude oil and the fuel oil market. First of all, Brent crude oil price has been trending lower and actually if you have a look at the graph on the right hand side of the slide number six, then you see it’s a bit of a longer trend already. So in this quarter it traded at, on average 76.8 €/bbl which is nine percent less than last year. More specifically our shale oil production is linked to fuel oil price with one percent sulphur content.

And there has been additional volatility in this market, in this quarter and there is a change in regulation in certain areas neighbouring our region, where there are certain regulations coming into effect from the beginning of 2015, which limit the usage of one percent sulphur content fuel oil. Obviously the market is digesting this news and the change in supply and demand balance. And it obviously has had an impact on our results as well, as we’ll discuss very shortly.

Now if we move from the markets to our financial results, on page seven, then obviously there is a breakdown of sales revenue and EBITDA, as well as the year-on-year change. If you look, try to get a whole large picture or helicopter view of the results, then obviously the revenue and the EBITDA have been impacted by substantial lower sales volumes of oil and power. On the other hand, distribution product has had a fantastic quarter, very good, strong quarter. And also one reason for the EBITDA increase, actually the main reason for EBITDA increase, has been a one off impact from the sale of one subsidiary, which we will discuss in a moment as well. So that is the big picture.

But in case, we now turn to page number nine, then we will have a closer look at the electricity product. Right. So first of all, obviously the market prices have been lower this quarter. As you see from the left hand side, -3.8 percent for the Nord Pool Spot Estonia price reduction. However, the financial hedges that we’ve made and our sale in the retail market also have helped us actually to increase the price, even to 48.5 €/MWh. So we haven’t really suffered from the price decline as we have had good hedges in place.
And the second point to note is on the right hand side where we see the sales volume. And obviously there is one impact you can look into which we will discuss in a moment, which is a lower retail market share. But in fact, the sales volume decline is more caused by other factors, namely while we sold less to the retail market, we could substitute this production and sell it well in the wholesale market. And you see we sold wholesale market 940 GWh in this quarter, which is more than last year.

However, we were limited by maintenance schedules as our generation in this quarter was seven percent less than last year. So that was the main reason – while the prices were reasonably good, we could still not sell the whole production as we had limitations in our generation capacity due to maintenance.

And finally, if you look at the whole picture together now, then obviously the electricity sales revenue declined by 4.7 percent to EURO 113 million. And that essentially had an impact also on our profitability.

So the next thing to look at is firstly the retail market. Let me go through that as well. On page number ten, then the 25 percent retail market share in the Baltics has been lower than last year. We have maintained lower market share in all markets and it has been pretty much the theme of the year. Yet again, in Estonia, we have 59 percent market share in the third quarter of 2014. And while one may look at it and be worried, then rather we have seen this as a price to pay for a more profitable and streamlined operation. So actually profitability improvements have made this loss of retail market share worthwhile.

In Latvia and Lithuania, we look at the market developments as discussed and especially the hedging instruments availability and whether we can improve our performance in these markets. But as we haven’t been selling in the market with fixed prices since a year ago, then obviously our market share has reduced.

And now then to discuss the electricity EBITDA. If you look at the page number eleven, then what we have seen is a three percent EBITDA decline. On the margin side, we have obviously seen lower prices in wholesale market but the retail profitability actually has improved quite substantially. And it actually has reduced the margin impact quite a bit. Obviously the mentioned volume impact is there and it has reduced our profitability. But on the other hand, the financial hedges and also the regular revision of Latvia – Lithuania hedge portfolio have helped our profitability in this quarter. So all in all, we earned EURO 28.8 million, which we could have earned more, had we had more generation capacity but this is outcome and actually rather well explained in our view.

After power and electricity, then we go to distribution product. Page number thirteen is the big thing, putting together the numbers from the sales side. A strong performance, I would like to point out especially the distribution volume plus four percent year-on-year. Obviously part of that is the consumption growth due to higher than average air temperature. So that has helped us.

And also still the network losses have been under control, actually even reducing compared to a year ago, by 0.2 percentage points, to five percent of the electricity entered into distribution network. So all in all, there have been several impacts on why the distribution sales revenues have shown a good performance, increasing just a little bit.

On the other hand, if you look at page number 14, then the distribution EBITDA has improved much more dramatically by 8.2 percent in the quarter. Again main impact is on profitability. From the volume, larger volume of sales. But also the fixed expenses have been lower than last year, better margin impact, so only the green bars, what we don’t see for other products.

Finally I’d like to point out on this page also that in addition to good financial performance, distribution network had in this quarter also improved substantially its quality figures and quality numbers. Look at the right hand side. We show a few of them. But the best improvement in SAIDI, which is the interruptions duration, is actually a very good outcome. So that’s why we are happy with the quarter for the distribution network.

On the shale oil side, if we now turn to page number sixteen, it has been quite a challenging quarter in fact. And that is mainly due to the market reasons that I mentioned beforehand. On the production side, I would like to say that we have had four percent lower shale oil production level in this quarter, mainly due to maintenance schedulings. Last quarter was very strong. This one is weaker due to the maintenance going over to this quarter. However the challenging bit has been obviously on the sales side. The sales volumes have been substantially lower at 32.5 thousand tonnes this quarter, market is challenging and we really have to tread carefully with our oil sales to make the best deals which may sometimes come in more lumpy forms, meaning larger transactions and higher inventory at times. So that’s what we’ve seen in this quarter.

Price reduction has had an impact somewhat. Obviously as you see, five percent lower fuel oil prices impacting us. But actually shale oil sales price has been helped by financial hedges as well and reduced only by 2.6 percent.

Now if we turn to the shale oil EBITDA on page number 17, then obviously the same factors that I mentioned on the last page, coming into play here as well. 34.9 percent lower EBITDA at EURO 8.8 million is not the best result obviously but the main impact, as you can see, is from the lower sales volume. Actually on the margin front, there has been positive news. We have seen better margins even. But obviously main focus is on sales and achieving the best price for our oil. So that is our approach going forward.
Going to page number 18. Now usually we don’t spend a lot of time on the other products. But obviously in this quarter, it makes sense to stay here a bit longer. The revenues are largely unchanged. There is a small drop but different products have moved slightly in different directions. But all in all, revenue picture does not change. And obviously you can note quite a drastic improvement in EBITDA. And it is mainly coming from two factors. One is recurring, which we have reported pretty much every quarter this year, is higher EBITDA from oil shale sales which helped our EBITDA with EURO 1.8 million this quarter. Second feature though is more one-off. And as we have completed the sale of our network construction subsidiary in the third quarter, then obviously we have earned some profits on the sales and this has helped our EBITDA for other products and for the group entirely to grow quite a bit. And the impact from that was EURO 3.4 million of the sales proceeds – profits on sales, rather.

Now, moving onto the cash flow performance on page number 19. There is essentially a graph, how it depicts going from EBITDA to operating cash flow in this quarter that just ended. They achieve roughly the same results, as you see. And really the focus here is that there has been a CO2 impact which is regular feature in our accounts. The EBITDA, if you start from there, then it gets reduced by the profit of sale of subsidiary, which is reported as investment cash flow. And then we have seen some cash being spent at the interest and loan expenses, EURO 4.6 million, as well as some cash being stuck in our working capital, if you will, and the EURO 6.8 million here, main large region here, is the higher inventory, especially in the oil side as we have produced a lot but not sold as much. EURO 4.5 million is the impact from there and there have been a few more reasons there on the other rows of working capital, which is why we have had this phenomena. So all together we have earned EURO 73.2 million from operating cash flow in this quarter.

And now let’s look at page 20, how this compares with last year. If we look at 2013, then obviously the figure is lower this year. And the main reason is really the sort of how much operating cash flow is earned with the EBITDA. So if you look at the first green bar, then you see that the EBITDA actually was EURO 2 million higher. Then again, if you look at the very end, it also includes sale of subsidiary. If you take that off, then obviously we are slightly in negative territory and the second reason is really this CO2 impact here, in the very middle, EURO 9.2 million, which means that that was also one reason for lower cash flow performance this year. Obviously you do see the change in inventories and change in receivables also appearing but these two working capital items have pretty much balanced each other out, in comparison to last year. So essentially there, how much cash we can generate out of our EBITDA has been the reason for lower cash from operations this year.

All right. Page 21. Capital expenditure. Then this obviously has been reducing last year and especially also this year, as we have come to very close to completion of our investment programme. We have spent EURO 71 million this quarter, which is 43.7 percent less than last year. But the main investment still is the Auvere power plant, where we have spent EURO 24 million and then also obviously the investment into distribution network is ongoing. We are replacing substations and cables, as well as installing the smart meters for Estonian clients. So good progress has been made and obviously these are natural investments that we are going to undertake every year.

Finally, nitrogen emissions reducing equipment and installation is ongoing as well. This is a somewhat smaller project but this is also there to be completed over the next twelve months.

If we now move to Enefit280 update on page 22, then actually in the third quarter the planned improvements were finalised. And the plant has been after that reaching stable operations at 50 percent capacity. So September was a good oil production month for us. And essentially we have made even further improvements in October, improved Ash Cooler to go to higher capacities even.

All in all we have had quite a bit of good news. We have most recently also had the good results from electricity production side of this oil plant. There have been tests, undergoing tests with transmission system operators. So all good there. And ultimately we’ve also had good news on the emissions. These have been also as expected and below the existing oil plant. So quite a few positive developments and now we look to turn this huge improvement into larger production numbers in the coming quarters.

Liquidity buffer, which we present on page 23. Then this has improved by EURO 26 million over the last quarter. And mainly because of operating cash flow being higher than the investments that we have seen. We still have EURO 150 million of liquidity contracts or liquidity loans with regional banks as well as the EURO 100 million loan with European Investment Bank. Actually that loan availability we extended essentially this month to cover for EURO 150 million of liquidity contracts or liquidity loans with regional banks as well as the EURO 100 million loan with European Investment Bank. Actually that loan availability we extended essentially this month to cover for another year. As you see from our liquidity buffer, then we don’t have an imminent need for that but we do see that obviously in the next year, we may still require this. Finally the whole liquidity we have available is more than sufficient to cover Capex until the end of the investment programme as well as dividend payments and other needs. So well-funded at the moment.

Moving on to page 24. As every time, we also show our debt maturity profile. Nothing much has changed there since the 30th of June. Ratings-wise, we have still BBB+, Baa2, both with stable outlooks from Moody’s and S&P. And Moody's has very recently just published an update on our credit profiles. So you have that also on the investment relations website. The net debt EBITDA figure that we follow and where we hold important that we should not cross three times net debt EBITDA, then actually at the end of third quarter, we had 2.2 times net debt EBITDA numbers. So that is well within these bounds.

Finally the outlook, page number 25. We have not changed our outlook. Obviously the nine months results where
we have seen the sales revenues decline by more than 11 percent, this obviously tells us that this will also be the case most likely in the fourth quarter, which means that the revenues will be lower this year.

On the EBITDA front, we are, over the course of nine months, have made almost EURO 8 million more than last year. So there we expect still to come out properly at the same ballpark than in 2013. And finally the investments have obviously reduced by 30 percent, more than that even, this year. So that is the good news - that the investment programme is drawing to a close.

Finally we expect to undertake dividend payments in the fourth quarter. And that will have a monetary impact as well.

The final slide. Page 26. So if we would like to summarise the quarter, then obviously the sales revenues were lower, mainly because of the electricity sales volumes and shale oil sales volumes. Obviously we look to work with our shale oil sales in the coming quarter as well to definitely improve this performance.

On the EBITDA front, we had a good result, increasing three percent to EURO 74 million in this quarter. Distribution was strong as was the one-off impact of EURO 3 million from sale of network construction subsidiary. And finally operating cash flows were lower but investments were even lower than that. So in that sense, we had a positive cash flow performance also in the third quarter of 2014.

That concludes the presentation for the third quarter. I am now happy to take any questions that you may have.

Operator: Ladies and gentlemen, at this time we will begin the question and answer session. Anyone who wishes to ask a question may press * followed by 1 on the touchdown telephone. If you wish to remove yourself from the question queue, you may press * followed by 2. If you are using speaker equipment today, please lift the handset before making your selections. So anyone who has a question may press * followed 1 at this time. And one moment for the first question please.

We are waiting for further questions.

Excuse me, there are no questions. Please continue with any other points you wish to raise.

Moderator: All right. Then I would like to thank everybody for listening. And we look forward to having you back on the line on the 27th of February next year when we publish our 2014 annual report. And obviously if you have any questions meanwhile, then feel free to contact us in investor relations and we’ll be very happy to serve you anything. Thank you very much. Have a nice afternoon.