

ALROSA

2019 MD&A Conference Call Script

10 March 2020

Presentation

Operator:

Dear, ladies and gentlemen welcome to the Q4 and 12-months 2019 IFRS Result Conference Call of Alrosa. At our customers' requests, this conference will be recorded. As a reminder, all participants will be in a listen-only mode. After the presentation, there will be an opportunity to ask questions. (Operator Instructions).

May I'll now hand over to Sergey Ivanov, who lead to this conference. Please go ahead, sir.

Sergey Ivanov, Chief Executive Officer, Chairman of the Executive Committee: Good evening, ladies and gentlemen. Thank you for joining us on the call devoted to 2019 IFRS results. Today, we're joined by our Deputy Chairman of the Board and the Head of Republic of Yakutia, Aysen Nikolaev, who will be happy to answer your questions today.

As always, I will open up the presentation with a brief review of the diamond markets and Alexey Philippovskiy, who is joining us from London, will walk you through operating and financial results.

- In 2017 and '18, Christmas periods had very strong demand and sales that were two times higher than historical average, these led to overoptimistic expectations for 2019, following excessive inventory build-up in first half of 2019.
- Key miners keep focus on prices over volume strategy and adjusted the supply for 2019. In value terms the decrease was 23% year-over-year.
- This strategy led to positive dynamics across the chain and the stocks finally normalized. By the year-end, supply and demand came to the balance.
- We aim to maximize value for our shareholders, so we're react to the challenging situation in a constructive way, aiming to maximize cash flows and dividends in given market environment. We adjusted minimum allowed contract allocation level. Production was cut at the highest cost assets with lower margins. CapEx was revised down by 28% in 2019, and around 15% in 2020, by its initial guidance without negative impact on operational performance.

Finally, I understand that all of you are concerned about the impact that the most recent developments might have on our 2020 action plan and outlook. Namely, the coronavirus and the shock in the oil markets.

- The coronavirus will negatively impact our sales outlook for 2020. Though our January and February sales were healthy, currently we're seeing a decrease in demand, even the uncertainty of the overall impact of the coronavirus on the global market at this point it's difficult to estimate the effect this will have on our sales.
- We give our customers already in March additional flexibility in terms of sales and all the procedures within the long-term contract, but we'll have to see how the situation will improve both in April and May this year.
- We have reduced travel plans only to the essential travel outside of Russia, some of our auctions were moved to other locations. For example from Hong Kong to Israel for example, just to reiterate most of our sales are down through the long-term contracts and less dependent on auctions. We encourage employees to stay at home if they suspect they are ill, or if they traveled in the regions where was high level of virus infected. We closely monitor situation and certainly well-being and safety of our employees it is our top priority.

- As for the oil price situation and the FX impact, as history shows lower oil prices have a positive impact on consumers disposable income, particularly in the U.S., which would be a positive factor for diamond jewelry demands. As for the FX impact close to 90% of our revenue is generated in foreign currency, while up to 80% of our costs and CapEx are ruble denominated. So every ruble decrease against U.S. dollar will be increasing our EBITDA by up to 2.8%, at the same time over 90% of our debt and deposits are in foreign currency.

That's what I wanted to bring your attention to, and I will pass the floor now to Alexey Philippovskiy, our CFO, who is in London right now. Thank you.

Alexey Philippovskiy, Chief Financial Officer:

Thank you, Sergey. Good day, ladies and gentlemen. Thank you for being with us today. I would suggest to move to slide number 5 to recap our sales numbers.

- As the market has recovered from its mid-2019 low with the midstream destocking, growing consumer confidence and improve demand for larger stones, our Q4 sales in monetary terms demonstrated a healthy growth of 8% year-on-year. Annual sales volumes in carats were down 12% to 33.4 million carats, this was in response to soft market conditions in the first-half of the year. 12-months sales in U.S. dollars were down 26% to \$3.3 billion.

So let's move to Page number 6, where we will discuss our inventories.

- At the year-end, our stocks were at 22.6 million carats, driven by higher production and lower sales.
- In 2020, we are cutting our production to 34.3 million carats, down from 38.7 million as initially planned in order to decrease production costs and release working capital.
- However, we should note that we are still keeping with our price over volume strategy. In other words, we are mindful of the balance of supply and demand. And given the large size of our market share, we understand our responsibility for price and market stability.
- We previously mentioned decrease in production will mostly be seen at our alluvial deposits, which have lower price to cost price, and the higher variable cost component versus the rest of our mines.

Let's move to Page number 7, to discuss our price dynamics.

- Market conditions discussed earlier were behind a 6% year-on-year like-for-like price index decrease. This factor along with the higher share of smaller stones in the sales mix draw average selling price in 2019, down by 19%.
- Fourth quarter performance was marked by stabilization in like-for-like prices, while EBITDA selling price was up by 9% to a healthy \$148 per carat, driven by higher demand for larger stones.

Now, let's go to slide number 8. I would like to take you through our key financials for the year.

- Revenue decreased by 21% to RUB238 billion. The key drivers as presented in slide number 9, were weaker sales mix or volumes and to a less significant degree lower like-for-like prices. These factors were partially offset by weaker ruble FX rate.
- EBITDA came at RUB107 billion, while profitability was at 45%.
- Free cash flow for the year came at RUB48 billion. More details for this we'll be discussed on slide number 15.
- Our CapEx is discussed on page number 12. Our full-year numbers were down to RUB20 billion, revised down from RUB29 billion as originally projected. As payments

very scheduled and some minor projects were revised, our fourth quarter numbers came flat year-on-year.

Let's look at Page 13.

- Net debt to EBITDA ratio remained in the targeted range of 0.7. The increase from last year was largely due to a lower EBITDA and net debt growth in the 12-month – in the last 12-month.
- Our short-term debt is currently represented by the remaining portion of a ten-year Eurobond maturing in November of this year. Before I conclude our discussion about debt, I just wanted to reiterate that maintaining an investment grade, credit rating is important for us.
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Now let's move to Page number 15.

- 2019 free cash flow came to RUB47.6 billion, impacted by lower earnings and then increase in demand inventories. We expect a gradual working capital release in 2020 due to lower production and higher sales. Fourth quarter free cash flow increased to RUB17 billion, driven by higher sales and working capital release.

Let's move to Page number 16, where we will talk about dividends.

- In September of last year, our shareholders approved dividends for the first-half of 2019 in the amount of RUB28.3 billion, or 100% of our free cash flow for the period.
- This coming April, the supervisory Board will recommend dividends for the second-half of 2019. Based on our financial performance, the dividends will be between 70% to 100% of our free cash flow for the period.

Our future outlook is presented on Page number 17.

- I just wanted to briefly reiterate that diamond market fundamentals remain strong, diamonds continue to be viewed as a symbol of love, commitment and affection. The continual growth in the middle class and its disposable income will lead to market growth, at the same time the supply of diamonds continues to tighten. Our business remains strong and resilient.
- Our sales in 2020 I expected to recover while the exact scale of this recovery will depend on the market conditions, including what was – what Sergey said in the final part of his presentation.
- We will continue to focus on the projects that make our business even stronger and more efficient. This morning, we shared our view on the execution of our strategy where you could see the progress of some of our major efficiency improvement initiatives and projects.

This concludes my presentation and we are now ready to take your questions. Thank you.

Questions And Answers

Operator:

Thank you. Ladies and gentlemen, we will now begin our question-and-answer session. (Operator Instructions). And we've received the first question from Daniel Major. If you could state your company as well. Your line is now open. Please go ahead.

Daniel Major:

Hello. Thanks for the follow-up call. Daniel Major, I'm from UBS. Two questions, firstly, can you state that you think you're going to release some working capital this year? Obviously, that's I guess going to be dependent on market conditions and on the sales volumes. Can you give us any guidance or inside stories on the other components working capital outside of inventories, I noticed receivables came down quite sharply in the fourth quarter. So what I'm essentially asking is if you removed inventory assumed there was no movement inventory, what should we expect from movements in working capital during the year?

Sergey Ivanov, Chief Executive Officer, Chairman of the Executive Committee: Should we answer your first question, and then you'll ask your second one or you want to ask the second questions straight away.

Daniel Major:

Sure, after the first one, I'll ask second one as well.

Alexey Philippovskiy, Chief Financial Officer:

I'll take this question.

- Our working capital at the end of last year stood at RUB107 billion.
- If speaking about last years' dynamics, there was substantial growth in rough diamond inventories for the reasons that we just spoke about.
- The ore and sands inventory has slight increased by about 10%, and the materials has increased by also 10% on volume growth.
- The accounts receivable went down quite substantially by 28%, but it was mostly driven by the acquisition of Kristall. Once we consolidate the Kristall into our book, it became an intercompany account, so that decreased the accounts receivable by about RUB2 billion.
- In addition, the overall amount of receivables excluding Kristall on the domestic market went down by about RUB2.6 billion as well.
- The other items state more or less the same. The turnover of our inventory for materials had actually improved from 432 days to 356 days. The turnover of our diamond inventory has deteriorated from 169 to 217 days on poor market conditions.
- Looking into this year, again, as Sergey said there is a big unknown in the form of Coronavirus. Our base case scenario at the beginning of this year was that we will sell at least 37 million carats, while we produce 34 million carats, so our diamond inventory should have decreased by about 3 to 4 million carats.
- Now, it's difficult to say, I mean if Europe and the US will shut down as Italy just did then the impact of Coronavirus on the demand for our products will – and for any other products just as well will be quite material. If things will go better and China will open and no other country will follow Italy's example in shutting down part of the country then the demand should recover and we could meet our base case scenario numbers.
- For materials, we expect that next year there will be about at least 15% increase in turnaround of our material inventory, driven by a number of efficiency improvement initiatives we are doing in our supply chain management and logistics.

- Accounts receivable on the domestic markets will be a function of the demand. There is a payment in terms that are regulated by law at 180 days, we have to give them to all domestic purchasers. So, if they buy more the receivables will be more, we have very limited control over it.
- Ore and sands inventory should stay at around the same level. The growth in 2019 was mostly explained by the expansion work we were doing at our Severalmaz facility.
- At this moment reacting to the market conditions we stop to that expansion work. So the sand and ore inventory should stay at about the same level.
- The overall turnover of our working capital assuming that the market situation will return to normal should get down to about 100 days from 149 that we saw in 2019 on the back of rough diamond inventory buildup. Does it answer your question?

Daniel Major:

I guess if to summarize, I mean, independent of inventory there shouldn't be huge movements in the other components of working capital. Is that fair?

Alexey Philippovskiy, Chief Financial Officer:

Yes, that's a very nice and short way to put it.

Daniel Major:

Yes. Perfect. Okay. And the second question, you obviously reiterated dividend range of 70% to 100% of free cash flow. Can you just give us some short-term dynamics about where – what will drive that decision is? And when the decisions actually reminder of when the decision is taken, is it – will it depend on kind of how the March, April sales data plays out as to where that dividend payout ratio will sit for the final dividend?

Alexey Philippovskiy, Chief Financial Officer:

Sergey may I answer this?

Sergey Ivanov, Deputy Chief Executive Officer:

Yes. Sure.

Alexey Philippovskiy, Chief Financial Officer:

- Yes. Well, you're absolutely right. We only, I mean our base case scenario is that we will pay 100% and that what we plan to recommend to the Supervisory Board.
- However, if we see that there is a threat to general liquidity of the company, I have to remind you that we have about \$500 million of debt outstanding at the end of the year in the form of our outstanding Eurobond, assuming that there is like a terrible scenario where debt market shut down and the sales countries keep shutting down and all sales is profoundly impacted in March and April. That is – that would be the scenario where we would look at recommending less than 100% in dividends.

- We believe that this scenario is at this point it looks unlikely, but we cannot exclude it. Currently, we have almost \$1 billion in cash, so the liquidity is very strong, but again with this big unknown in the form of Coronavirus we have – you need to give us some time to really see how it will impact our liquidity.

Daniel Major:

Got it, very clear. And just when is the decision made on the dividend? When does the Supervisory Board meet and decide on that?

Alexey Philippovskiy, Chief Financial Officer:

End of April, Supervisory Board will recommend a certain amount of dividends to the Shareholder Meeting and the Shareholder Meeting will take place at the end of June. And the dividends will be paid into tunch first-half to minority shareholders in July, and then the other half to government shareholders in August.

Daniel Major:

Very clear. Thank you.

Operator:

And the next question is from Sergey Donskoy of Societe Generale yes. Your line is now open. Please proceed.

Sergey Donskoy:

Thank you. I have three questions, if I may.

- Firstly, the realized gem-quality diamonds price in Q4 was \$148 if I remember correctly, was this a number anyhow affected by higher proportion of larger stones in the mix? And what would be, if it's possible to tell, the kind of the sales price assuming some sort of a normalized mix, if that was the case?
- Second question on your CapEx outlook. You basically set up the CapEx peak in 2021 to see it going down all the way to 21 billion by 2024. I have a question for – about what's going to happen beyond that actually. We know that your mines has maintenance to 2030 and 2035, so approximately between 10 and 15 years. So, I assume that somewhere within a 10 year time frame you will need to increase in CapEx maybe substantially sort of the deflection. So the question is, when do you expect this increase in CapEx to actually happen? I understand, it's going to happen beyond 2020 forward, but give us kind of any idea how soon and how big this can be?

Alexey Philippovskiy, Chief Financial Officer:

Okay, I'll take the first two questions, and then you will ask your question to Mr.Nikolaev.

Sergey Donskoy:
Thank you.

Alexey Philippovskiy, Chief Financial Officer:

- Yes, the average gem-quality diamond selling price in the fourth quarter was at \$148 per carat. It was a catch up in demand for larger stones. At the beginning of the year the number was much lower and the average number for the year came at \$132 per carat. It was a significant decline from the average price on a like-for-like basis of \$163 per carat in 2018.
- Speaking about our outlook for 2020, we believe that the average price will increase to – assuming that the like-for-like-like index will stay the same, we will increase by about \$5 to \$7 from the average level of 2019. In other words, it will be between \$137 to \$139 per carat.

Sergey Donskoy:

Yes. Thank you very much. When you say assuming that the index has stays the same, you mean it will stay the same as compared to where it is now compared to average value for the last year?

Alexey Philippovskiy, Chief Financial Officer:
Comparing to where it stands now.

Sergey Donskoy:
Okay. Thank you.

Alexey Philippovskiy, Chief Financial Officer:

- To your second question, our CapEx, you're right, we will need to invest to maintain our capacity after 2030. At this point, we are doing a maintenance and expansion CapEx at some of our mines, and it is actually a significant part of our ongoing CapEx.
- Speaking about like big projects, currently we have reconstruction of Mir mine on a horizon. The project – the decision will be taken at the end of the next year. At this point the project seems economically viable, but we have to do some deep drilling to confirm the grade of ore at the lower portion of the kimberlite body.
- If the decision to reconstruct Mir will be given a go-ahead, then we should see an increase in our CapEx starting from 2025 going forward. The reconstruction of mine will be – I mean at this point it's quite significant range between \$1.2 billion to \$1.5 billion over approximately 5 to 7 year period. I will be able to give you a better guidance in about a year and a half once we have a better understanding of this – of how we will do this project from the technology and geology standpoint.

Sergey Donskoy:

Understood. Thank you very much. And I have been one question for Mr.Nikolaev, if he is on line?

Alexey Philippovskiy, Chief Financial Officer:

Sure, go head.

Sergey Donskoy:

The question is this, ALROSA is one of the biggest companies in the Republic. And I guess it - as such it has several important functions if you like, it is one of the largest employers it was one of the biggest tax payers, it is a source of dividends and it's also a major investor in their profits. So, I wonder among these four different function it is impossible to tell which is the top priority from the viewpoint of the public authorities, which is second, which is third or they are equally important? Thank you.

Aysen Nikolaev, First Deputy Chairman-Supervisory Board:

(Foreign Language).

- Thank you for your questions. I would like to express my opinion as representative of one main shareholders of the company, indeed we are focused on the business side of Alrosa and that is about producing diamonds, a first of all exploration, then investments then production, as well as sales and marketing of diamonds.
- At the same time, we are satisfied with the increase in operating efficiency and we're striving for that as well. 2020 is showing and 2019 has demonstrated that one cannot forget market fluctuations, and our external factors drove the cash flow of the company nearly 2 times down in the course of 2019. So one cannot forget that, but generally they're very much satisfied with the text site of the company and with the dividend strategy which concerns all the shareholders. At the same time, Alrosa remained socially oriented and introduces cutting-edge environmental standards which we're also very much supportive and happy with.

Sergey Donskoy:

Thank you very much.

Sergey Ivanov, Chief Executive Officer, Chairman of the Executive Committee: Next question, please.

Operator:

Thank you. The next question is from Anton Fedotov from Bank of America. Your line is now open. Please go ahead.

Anton Fedotov:

Good afternoon. Thank you very much for this presentation as well. A couple of weeks ago there were some publications in the Russian press about the Russian government considering some changes to the Mineral Extraction Tax on diamonds and that may result in additional budget proceeds of around RUB3.5 billion from the diamond industry. Can you please comment on this?

That's first, and my second question is to Mr. Nikolaev, if I ask this question during the morning presentation, what do you think about the potential purchasers of diamonds by the Russian state into Gokhran, the Russian state reserved, previously in the past this was done to support the company in the top markets? Thank you.

Sergey Ivanov, Chief Executive Officer, Chairman of the Executive Committee:

- Maybe I'll start with the first question. Thank you for your question, we comment it also during our morning meeting with analyst. So in terms of math's, how we suggest our shareholders should not be afraid of any changes, what we're discussing more than actually two years with Ministry of Finance is the mechanism how math is being calculated, because up till now it's being calculated on the basis of extraction, but then it takes – when we sell the diamonds the price can be different from the state price list. It can both be – it can be below the price list or it can be up more expensive than the price of the price list.
- And we're discussing the so called dynamic math, when actually the tax will be calculated from the real sales of diamonds from our company. It's not an easy task and the reason why it's implemented, it's not steal yet implemented is lot of work in terms of methodology, because we have more than 6,000 positions of rough diamonds and it takes a lot of work to put told this methodology in place.
- If this decision will be taken and if we will have all the methodology in place and all the proper corporate decision, supervisory decisions, it will start only from 1 January next year. And we in general consider it to be neutral, because there were situations last year and all the last 5 years when this price list worked both in favor of the company and not in favor of the company. And unfortunately, there's a lack of up to two or three months to change the price list after the market situation changes. So, it's the topic which our I think, investors and shareholders should not be affected by.

Anton Fedotov:

Thank you.

Aysen Nikolaev, First Deputy Chairman-Supervisory Board: (Foreign-Language).

- Thank you for your question about whether it is possible for Gokhran, government body of Russia to purchase diamonds. And I would like to say that this scenario is possible, but we are not considering it currently as our base case. Should the recent developments in the financial and commodity markets lead to major slump in demand for diamonds, we do not exclude that we could send to the Ministry of Finance or the Russian government so that they consider supporting the company by acquiring some share of diamonds into Gokhran as they did in 2008. At the same time, I would like to reiterate it that at present we are not considering this a base case.

Sergey Ivanov, Chief Executive Officer, Chairman of the Executive Committee: (inaudible) please go ahead.

Operator:

And the next question is from Boris Sinitsyn of VTB Capital. Your line is now open. Please go ahead.

Boris Sinitsyn:

Hi, gentlemen. Again, thank you for presentation. Actually, the majority of my questions have been answered. I have just one to Aysen Nikolaev, the question is the following: Basically could you please update us on the status of State privatization of remaining stake in ALROSA, I think it's 8%? Yes, so basically that the question. Thank you.

Aysen Nikolaev, First Deputy Chairman-Supervisory Board: (Foreign-Language).

I think for your question the Republic of Yakutia know the municipalities, they so called Ulysses have any plans at present to divest from their stake holding at ALROSA which combined being [ph] at 33%. Thank you.

Alexey Philippovskiy, Chief Financial Officer:

Sorry, yes. Sergey if I may, there was an interview and the statement by our Chairman of the Management Board. Mr. Anton Siluanov, who is also now supervising the federal property agency, and his words were that the state doesn't consider any privatization of ALROSA. And he mentioned that it's the company which like in Russian we say who is laying the chicken which is laying golden eggs, so there's no need to privatize it just for sake of bringing some additional money for federal budget. It's just – it was the official statement by Mr. Siluanov in his interview couple of weeks ago. Thank you.

Boris Sinitsyn:

Thank you. Very clear. Actually, sorry, I have one follow-up for Aysen Nikolaev from on like you could just view on company separation. So, as I noted the Republic is totally supports company's operations, company's business, but a part of this – part of doing business is also increase an operational efficiency, increasing labor productivity and sale of non-core assets. The question is does Republic support these very specific aspects of doing business and to what extent? Thank you.

Aysen Nikolaev, First Deputy Chairman-Supervisory Board:
(Foreign Language).

- Thank you for the question indeed. Although, I say it's the largest company doing business in Yakutia and a significant portion of our public funds come from tax and not tax payments by Alrosa.

- On top of that, many thousands of the companies are also living in acute area and we are very much supportive of the increased wealth and well-being of all population in Yakutia.
- At the same time, the company is important for the Yakutia in terms of the social side, and I would like to reassure you that the social commitments of the company had been pre-approved in discussions with the company and we are not going to see any increase in that.
- It also very much supportive on the non-core assets divestment strategy as put forth by the company's management team. We agree that the company must focus first and foremost on its core business IE exploration production, sales and marketing of the diamonds. And the non-core business must be divested from.
- In other parts [ph], we have also taken decisions by the supervisory Board, and we're working to that affects nearly completing that way, this effort is going to carry on further. I would like to note as well that the Republican government is very much involved in the company's corporate governance, and I'd like to announce here that there will be more Independent Directors joining the Supervisory Board, representing Yakutia. So in 2020 we'll see representatives of major mining businesses with great competences in the industry and in industrial safety joining the Supervisory Board. Thank you.

Boris Sinitsyn:

Thanks for the answers.

Sergey Ivanov, Chief Executive Officer, Chairman of the Executive Committee: (inaudible)
Please go ahead.

Operator:

There are currently no further question. (Operator Instructions). And we've received another question from Andrew Jones, WOOD & Company. Your line is now open. Please proceed.

Andrew Jones:

Hi. Just – you mentioned earlier that you were talking about pursuing a price over volume strategy. But in the circumstance that Coronavirus continues to weaken demand for many months ahead. Is there like a some bottom line in terms of sales volumes that you would – it is for a – what point would you actually be forced into cutting prices, I mean if volume is really dried up, I mean as for as a minimum sales number that you could tolerate selling? Can you give us some sort of general guidance on what you're sort of scenarios are in a – if this situation continues to drag on? Thanks a lot.

Alexey Philippovskiy, Chief Financial Officer:

Thank you, Sergey Ivanov, I'll take this question. Thank you for this question.

- I would say that talking to our customers last week and this week, we see that it's not the question of the price or the profitability of manufacturing, because the prices were

readjusted last year according to the current market conditions. But today, it's just a question of sales of jewelry and polished diamonds in certain geographies in certain areas.

- And it would maybe sound little bit funny, but our customers, they also asked us not to reduce the prices, especially not to make any drastic moves, because it will hurt more the industry than it would help the industry.
- We didn't actually correct the price – readjust prices for the March session. They would remain plus-minus on the levels of the February, but – and we don't have any pressure by our shareholders to sell some certain amounts and to generate some certain figures in terms of dollar sales.
- Of course, we don't want our sales to vaporize, but we understand that within the current market conditions it's just a question of sublimity of controlling supply more than just decrease in the prices.
- But of course, we exist – we are not the only Diamond producer, we exist in a competitive environment. And in case we see that we have to readjust our prices then that might be the solution. But up to now, we don't see such circumstances that put some kind of pressure on us in terms of decreasing the prices.

Andrew Jones:

And just to understand as a follow-up. I think, earlier you were saying the prices are still at the sort of the same level, I mean was the – as prices basically been flat since December in terms of your price that you're price (inaudible) or did you manage to get through a small increase in January before the Coronavirus took off?

Alexey Philippovskiy, Chief Financial Officer:

- No, we didn't increase the prices since December, but there's always inside our production and inside our sales – inside – within our boxes, and there is volatility in terms of type of goods we produce, some goods are seasonal. For example, alluvial goods or there is a certain contribution from months to months from goods from some certain assets. So, sometimes our clients see like plus minus 1% or even less fluctuations, but it's not about – It's more about the assortment, just adjusting the assortment. But at the same time, the price index remains the same.

Boris Sinitsyn:

Understood. Okay. Thank you.

Alexey Philippovskiy, Chief Financial Officer:

Thank you. Next question please.

Operator:

There are currently no further questions. (Operator Instructions). We haven't received any further question. So I hand back to the speakers for closing remarks.

Sergey Ivanov, Chief Executive Officer, Chairman of the Executive Committee: Okay. So, this is Sergey. I think here it seems we have exhausted all the questions through two sessions today and as briefing in conference call. So thanks all for participating this event. And as a reminder, we are open to answer your questions, if you have any. And so have a great day. Thank you.

Alexey Philippovskiy, Chief Financial Officer:
Thank you.

Operator:
Ladies and gentlemen, thank you for your attendance. This call has been concluded you may disconnect.