ALROSA Q3 and 9M 2017 IFRS results conference call edited transcript

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ALROSA speakers

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Alexey Philippovskiy – Vice President – Chief Financial Officer

Yury Okoyomov – Vice President for Sales

Andrey Cherepnov – Chief Engineer

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Participants asking questions

Dan Shaw – Morgan Stanley

Richard Hatch – RBC Capital Markets

Sergey Donskoy – Société Générale

Anton Fedotov – Bank of America Merrill Lynch

Nikolay Sosnovskiy – Prosperity Capital Management

Boris Sinitsyn – VTB Capital

Pierre Safa – Silver River Capital

Anastasia Tikhonova – Renaissance Capital

Presentation

Sergey Mezhokh

Good day, welcome to ALROSA conference call on 9M 2017 results. I will make a few introductory notes. Our team today is led by CEO Sergey Ivanov together with the top management.

Before we start, I would like to quote the disclaimer. "Some information provided during this call may include forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialise or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements. ALROSA assumes no obligation and does not intend to update any such forward-looking statements."

Now, I pass the floor to Sergey Ivanov, please.

Sergey Ivanov

Colleagues, I am happy to welcome you to our 9M 2017 results conference call. First of all, I would like to apologise for this short delay: I was discussing the sale of some of our small non-core assets. Before we discuss the results, I would like to give you a quick update about the Company's recent events.

A few days ago I returned from Angola, where we continue negotiations about expanding our presence there. As you know, we are now increasing the share in the Catoca Mining facility from 33% to 41%, and we expect to close the deal until the end of the year. At the same time, we are working on the Luaxe pipe discovered by our geologists. In early 2019, we expect to run a test processing of ore mined from this pipe at Catoca beneficiation to evaluate its quality and form long-term development plans for this site. In general, I am quite pleased with all the meetings in Angola, and I see very good prospects for our Company in this country.

Over to the situation with the Mir underground mine. According to the report by an expert commission supervised by Rostechnadzor of Russia, the accident had been caused by a combination of hydrogeological, technical, and organisational factors. One of the key causes was the exceptionally challenging hydrogeological conditions of the mine due to the cracks being unfavourably oriented in the fault zone; there were also violations of mine operation regulations. Relevant materials have been sent to investigation authorities for consideration. At the same time, we recently received a report from SRK, which, as you may know, was also conducting an audit into the August accident. We are now analysing their findings, and they are fully in line with the act issued by Rostechnadzor. For us, it is also a third opinion, which is very important for us. Andrey Cherepnov, the Company’s Chief Engineer, is attending our conference call today. I am sure that if there are any questions about the causes of the Mir accident, he will be ready to answer.

It is yet too early to talk about any timing or costs of recovering the Mir underground mine. However, in 2018, we will examine the options for its recovery and study their economic feasibility. In the mid-term, the Company's diamond production will remain at 36–38 mln carats. In 2018–2019, the Company's sales will be supported from the accumulated diamond inventories.

Turning to the financial results, I would like to note the moderately positive condition of the gem diamond market in Q3 2017. Sales results of the major diamond jewellery retailers in Q3 2017 showed growth in almost all consumption regions; in November, we see polished diamond prices increasing, which creates cautiously positive expectations in regard to demand for rough diamonds over the next six months. Fundamentally, we view the supply and demand on the diamond market as balanced – on the one hand, retailers’ sales are increasing, on the other, we believe that 2017 is the year of peak production. In balanced market conditions, we do not expect any significant increase in the prices in the near future and focus on the Company’s efficiency improvement.

The resulting performance indicators have been under the pressure of external factors: stronger rouble and specific market demand situation caused weaker revenue and EBITDA; net profit was also lower due to partial impairment write-off of the Mir underground mine fixed assets.

At this, let me pass the floor to Alexey Philippovskiy, our Chief Financial Officer. Alexey is going to talk about the Company’s financial results. After that, I will be most happy to take any questions that may arise.

Alexey Philippovskiy

Good day, colleagues! In 9M 2017, the Company’s performance was under pressure due to rouble appreciation (up more than 15% y-o-y). Changes in the diamond sales mix was another factor. By the end of 2016, the Company had accumulated inventories of small-size rough diamonds that had not been purchased because of the currency reform in India in Q4 2016. These inventories were cleared in 2017, causing a 12% drop in the average price of the diamonds sold. Because of these two factors, which were beyond the Company's control, revenue for 9M 2017 declined by 16%, diamond sales in US dollars declined by 8% y-o-y – from 3.55 bn to 3.30 bn.

In Q3 2017, ALROSA's diamond sales mix stabilised: the average price of gem-quality rough diamonds amounted to USD 169 per carat, which is a 22% increase to Q2 2017 and a 2% increase to Q3 2016. In comparable product mix, the price index since the beginning of 2017 is up by 1.6%. The stabilisation of the mix creates a good foundation for sales in Q4 2017 and Q1 2018.

No export duty, which was dropped in 2016, had a positive impact on the Company's results in 2017 and provided us with RUB 12 bn of additional revenue and EBITDA.

Our cost of sales net of depreciation for 9M 2017 increased by 8% with sales volumes in carats growing by 6%. Decreasing diamond and ore inventories, resulting from the sales that exceeded production, thus involving more of the previously accumulated diamond ore inventory into beneficiation, were the main factor of growth. Cost of production net of depreciation and inventory movement were 3% lower y-o-y.

Our SG&A expenses remained flat against the 2016 level. Other operating expenses increased, driven by more geological exploration activity.

As a result, 9M 2017 EBITDA accounted to RUB 100 bn, which is 33% lower y-o-y. The decrease in the Company's net profit for 9M 2017 accounted to 47% and was under additional pressure due to partial impairment write-off of the Mir underground mine PPE of RUB 7.4 bn after the August accident.

In Q4 2017, as new data are retrieved in relation to the lost equipment, there may be more, although minor, write-offs, probably in the amount of RUB 1–1.5 bn. The overground mining equipment with a total IFRS value of RUB 15 bn is now in conservation. In 2018, we will decide if impairment of this equipment is practical, after making the decision on the mine recovery options as well as testing the assets for impairment.

As we mentioned earlier, the Mir mine property has a full all-risks insurance coverage provided by SOGAZ based on the replacement cost. The total payout limit stands at RUB 10 bn. Losses from production downtime, however, are not covered by the policy. We expect that the accrued insurance payout due from SOGAZ will be reflected as an accrual in the financial statements for 2017 after the exact amount of loss is determined. We expect to receive those payments in 2018. I must mention that the Mir mine was among the Company's most profitable assets, generating a gross margin of approximately RUB 20 bn per year. Discontinued operations of this mine is a substantial loss for the Company. Part of the missing profits will be set off with the help of increased production at the Udachnaya pipe, Verkhne-Munskoye, and Almazy Anabara deposits, and Severalmaz, as well as fixed cost optimisation of Mirny Mining and Processing Division.

The Company's free cash flow for 9M 2017 accounted for RUB 62 bn, a 40% decrease y-o-y; in US dollars, the decrease was 31%, from USD 1.5 bn to USD 1.0 bn.

The Company's CAPEX for 9M 2017 decreased by 16% due to completion of the active construction phase of the Udachny underground mine and carry-over of certain capital expenditures to 2018, as well as design and procurement optimisation. Full-year 2017 CAPEX is expected to stand at around RUB 32 bn. Our preliminary estimate for the 2018 CAPEX is approximately RUB 38 bn, and that does not include potential Mir recovery investments.

The Company's liquidity position remains strong: our debt to EBITDA ratio is 0.7x, which is a comfortable level for us.

Thank you for your attention. Now we are ready to take your questions.

Questions and Answers

Dan Shaw – Morgan Stanley

Hello, gentlemen. Thank you for the presentation. The first question from me is on the inventory levels. It does seem that there has been a shift in where rough diamond inventory is held – a shift from miners more into the midstream, where, anecdotally, there seem to be quite high levels of inventory. What gives you the confidence that in 2018 you can continue to sell more than you produce? Is there feedback from your customers that there is strong demand for rough diamonds? That is the first question.

And the second question is on the potential sale of the gas assets that has been discussed for a long time. Are we any closer to a resolution around that? Thank you.

Yury Okoyomov *(translated)*

Regarding the shift towards midstream inventories and their influence on 2018 sales, I can say the following. If you consider the developments across the past three years, starting in 2015 and up until 2017, considering the balance between the rough and polished diamonds, you could see the move towards more polished demand. For example, in 2015, as you may remember, there was a major reduction, by 30% globally, of rough diamond sales. And if you see the numbers in more detail, they disclose the same fact. In 2016, producers of rough diamonds sold more than they had produced and in 2017 the picture was pretty much the same. And if you take Q2 and Q3 of 2017 the gem quality jewellery sales seem to be on the hike, according to retailers' reports. Add to that the export balance in India, that is, the balance between net exports of polished diamonds as compared to net imports of rough diamonds. In the course of three years, starting in 2015 and up until 10M 2017, that balance says that the inventories have not grown significantly. If you take the numbers for 2015, there was a solid positive net balance of USD 4.8 bn. That means there were rough diamonds imported into India, as compared to exported polished diamonds, and exports were by USD 4.8 bn higher than the imports. In 2016, the positive balance was USD 4.7 bn, and in 10M 2017, the most recent statistics available, the number stands at USD 4.6 bn. This gives us confidence that the most important market, and the largest one, India, is in more or less balanced position.

Regarding retailers' reports of increased demand, this gives us further confidence that rough diamond sales in 2018 are going to be supported.

Sergey Ivanov

I would also like to add that during my meetings with, say, the top twenty midstream players, I was told that, on average, they had rough inventories for only one or two months of processing. So, we would consider these rough inventories quite small.

Following your question on selling the gas assets, it is just a question of months – we are now obtaining the state directive and we are on track to sell these assets by the end of December 2017, or January - beginning of February 2018. It is just the corporate procedures.

Richard Hatch – RBC Capital Markets

Thank you very much. It's just an off the back of those question -- comment on the midstream. Can you confirm that the midstream inventories are quite small at the moment? Also can you just talk around your thoughts around the margins in the midstream at the moment and if you feel that there is much margin pressure there and also give us update on the recent bankruptcies of some midstream players?

And then secondly are you able to provide a medium term outlook for your production guidance just given the fact that Mir is currently offline. And then finally, are you able to give your thoughts for the Ruble/USD rate for 2018 please? Thank you.

Yury Okoyomov *(translated)*

Regarding your first question on midstream inventories, we have just explained our position in detail. However, I would like to re-confirm this. In early 2015, as you may remember, midstream inventories were indeed excessive, because diamond producers had sold about 30% less than what they had produced. In 2015, cut and polished sales remained rather flat, so by early 2016, according to our view, midstream inventories fell below equilibrium. This resulted in the demand situation in 2016–2017 that enabled rough diamond producers to sell somewhat more than what they had produced in those years, and thus reduce their inventories of rough diamonds. I would like to revert to the exports and imports balance in India, which is the largest cutting and polishing market – about 80% of all rough diamonds in money terms are processed there. Starting from 2015 and onwards until today, the net balance of exports in polished diamonds and imports of rough diamonds has been more than USD 4.5 bn annually. Based on the statistics for 10M 2017, the most recent figure is also positive – USD 4.6 bn.

These figures are obviously not quite telling when it comes to midstream margins. Indeed, 2017 marked a number of bankruptcies in this industry, but there were no major enterprises involved. If you consider the margins in the context of rough diamond vs polished diamond prices, you cannot look at it in the short term and see the changes in rough and polished prices within one year in the past.

If you look at the cut and polished diamond price index vs the rough diamond price index starting 2012 and onwards, the publicly available data tells us that since 2012, the price reduction for polished diamonds has been at 24–28%, whereas the price change for rough diamonds has been within roughly the same range. We do not have an instrument to determine the margin of cutters and polishers in this particular time. However, we view the demand for our products that is rough diamonds as a most important indicator. We saw stable demand throughout 2016, which continued in the first 10 months of 2017 (net of seasonal fluctuations).

Alexey Philippovskiy

Now to your third question. Our medium term (5–7 year) production outlook will be driven by the absence of the Mir volumes and the decrease at the Jubilee pipe. At the same time, we will increase production at the Udachnaya pipe, Verkhne-Munskoye and Almazy Anabara deposits and Severalmaz. The outlook is 36–37 mln carats for 2018. After that, the annual production will grow to 37–38 mln carats and will stay at this level until about 2025. Currently, our research institute is working to update our production guidance and outlook, which are supposed to be completed in mid-2018. After that, we will update our long-term strategy.

Regarding your fourth question on the exchange rate, honestly, the answer is I do not know. The RUB rate is largely a function of oil prices, and I do not know what the oil price will be. For our internal planning, we assume the exchange rate of RUB 61 per US dollar for 2018.

Sergey Ivanov

Further to the question on the margins in the sector, I would also like to add that based on our communication with numerous market professionals and experts, we think that the margin range varies in different areas of midstream, for example, in rough diamond trading, the margin can be even below 0 and up to 3–4%. In manufacturing, the average margin might be around 2–3%, and in polished diamond trading, it can fluctuate in the 1–6% range with the average margin at 4%. That means that vertically integrated companies are much more capable of withstanding the possible margin pressure and they can enjoy margins of up to 8–9% or 10% if they are equipped with the latest machinery, have online sales and are innovative. There are some companies involved only in trading – these companies can be affected. When prolonging our long-term contracts, we also look into the type of the client's business. We expect there might be some bankruptcies next year, but we do not think that they would affect our large clients or that these bankruptcies would be unexpected. In general, the midstream companies which invest in their efficiency would be capable of withstanding the margin pressure next year and could be even ready to improve their margins. Thank you.

Sergey Donskoy – Société Générale

I have several questions. First, I have two questions on your production. If I understood your comment made a few moments ago, you said that your production over the medium-term will be driven among other things by increased production at the Jubilee pipe, which if so sounds a bit surprising to me. According to the Micon audit, which was part of your reserves statement, production at Jubilee was supposed to decrease over the next several years. What levels of diamond output do you expect to maintain or achieve at Jubilee over the next couple of years? In particular, what do you think about grades? If we look at 2014–2016, the average grade at Jubilee was about 1.1 carats per tonne, and this increased to roughly 1.3–1.4 carats per tonne in recent quarters. Is this sort of a temporary improvement or do you expect this high level to be maintained?

Alexey Philippovskiy

When I was answering the previous question, I said that the production outlook would be driven by the absence of the Mir volumes and the decrease at the Jubilee pipe, so it is a decrease, you are absolutely right. We expect that the Jubilee pipe production for 2018 is going to be around 7.7 mln carats and then it will drop to about 5.5 mln carats and further to 5.0 mln carats driven by the life cycle of the mine, so your data is correct. Speaking about the grades, there are two types of ore at the Jubilee pipe. One is balance, and another one is what we call off-balance. For the balance ore, which accounts for the bigger part of production, the grade will be decreasing. We had a pretty high grade in the last quarter for the Jubilee pipe because we were working to compensate the absence of the Mir volumes. Going forward, we expect that for the balance ore at the Jubilee pipe, the grade will be around 1.2 carats per tonne subsequently going down to about 1.0 carats per tonne in line with the life cycle of the mine. Thank you.

Sergey Donskoy – Société Générale

Awesome, thank you very much. If I may, my second question will be about Udachny production. Please give us an indication of the ramp-up of the underground mine. Looking at your trading updates, I see that this year production at the underground mine will probably remain at the last year's level. At the same time, the open pit keeps producing, and it may actually be the case that production at the open pit will increase. So, what is the situation there? First of all, what is the source of this ore processed at the open pit? Are we talking about old stockpiles, or do you still keep mining? And what is the outlook of the ramp-up underground? This is my second question.

Andrey Cherepnov *(translated)*

Regarding underground at the Udachny mine in 2017, our production plan stands at 950,000 tonnes, for 2018 the plan is to produce 2.7 mln tonnes, whereas for 2019 the number is 4 mln tonnes, which is on par with the design capacity of the mine. As to the open pit ore processing, indeed we are completing this in 2017, and are not going to process any ore mines at the open pit any longer. In the past couple of years, as we have been processing the ore, it came from the stockpile. Thank you, you can carry on with the questions.

Sergey Donskoy – Société Générale

Than I have three very short questions. First, I am afraid I have missed the CAPEX guidance for 2017. Could you please repeat the number? Second, speaking about the write-downs related to the Mir accident. If we think about the worst scenario, where the mine never comes back to production, will it have additional write-downs or those additional RUB 1– 1.5 bn mentioned during the presentation is all that we are going to see in any case? And the last question. Speaking about the gas asset sale, – I may have missed this part of the message, – did you mention the potential buyer of the assets? Thank you.

Alexey Philippovskiy

Our CAPEX guidance for 2017 is RUB 32 bn. It is lower than our initial guidance due to the fact that around RUB 3 bn will be carried forth to 2018, and our guidance for 2018 will be at around RUB 38 bn for the total CAPEX. Speaking about the potential write-downs related to the accident, so far we have written off RUB 7.4 bn. We expect to write off around RUB 1.4–1.5 bn before the end of 2017, and we also have the above the ground mining equipment for a total value of RUB 15 bn, which is now under consideration. If in 2018 we will decide to go ahead and reconstruct the Mir mine, we will not write off this above the ground equipment. If we decide not to reconstruct Mir, then his equipment will also be written off, and the total value will be RUB 15 bn, which is now under consideration. Speaking about the sale of the gas assets, it is going to be structured as an auction. The best buyer meaning the best bidder will get the asset.

Sergey Donskoy – Société Générale

Thank you very much.

Anton Fedotov – Bank of America Merrill Lynch

Good afternoon, thank you very much for the presentation. Given all the changes to the production profile, what are your expectations in the regard of the average diamond grade in terms of carats per tonne? And what are your expectations in regard of the share of the gem quality vs non-gem quality diamonds in your production? Thank you.

Andrey Cherepnov *(translated)*

Regarding the average grade, it remains at 1–1.1 carats per tonne across the Group depending on which particular mine produces a bit more. But in general it remains unchanged at 1–1.1 carats per tonne. The second part regarding the share of gem vs non-gem quality diamonds will be handled by Yury Okoyomov, Vice President.

Yury Okoyomov *(translated)*

We do not expect a major shift of balance between the gem vs industrial diamonds. Regarding the gem quality diamonds, in the coming 2–3 years, given no production at the Mir underground mine, we are going to see somewhat of a shift there with a higher share of relatively cheaper stones, because we are going to add more into the mix of diamonds produced at our alluvial deposits like Almazy Anabara or Severalmaz.

Anton Fedotov – Bank of America Merrill Lynch

Thank you.

Nikolay Sosnovskiy – Prosperity Capital Management

Hello, thanks a lot for the presentation. I have got two short questions. The first one is on your 2017 CAPEX guidance. The 9M figure is only RUB 18 bn, which means that in Q4 2017 you are going to spend approximately RUB 14 bn to reach RUB 32 bn for the full year. Could you please quantify, what are the projects that require such historically high CAPEX? You rarely spend more than RUB 10 bn per quarter. The second one is on the insurance payment. You mentioned that the payment itself is most likely to come only in 2018. Is there any chance that you will record this insurance payment or somehow offset the PP&E loss in 2017 financials to decrease the potential impact on the reported net income figure? Thank you.

Alexey Philippovskiy

First about CAPEX. There is a certain seasonality about it, with Q4 CAPEX traditionally higher than the year's average. The key projects the Company is financing in 2017 include Almazy Anabara, development of the Khara-Mas deposit, and building a bridge to get there. Others are the Verkhne-Munskoe deposit where overall CAPEX just for this year is above RUB 3 bn, the ramp-up at the Udachny pipe and the development of the Zarya pipe. We also have ongoing CAPEX to maintain production at the International and Aikhal mines. Speaking about the insurance, we expect to book an accrual in 2017, assuming that we get the necessary paperwork from SOGAZ. We are in discussion with SOGAZ, which in turn is in discussion with the reinsurers. So we do expect to book the insurance reimbursement in 2017 and correct it in H1 2018.

Boris Sinitsyn – VTB Capital

Thank you for the presentation. The majority of my questions have been answered, and I have a final one. Provided that the deal with the gas assets is closed successfully, what would be the usage of the proceeds from the deal? And a follow-up on this one. The Company still generates cash, and net debt as well as gross debt are gradually decreasing. Given there are quite few capital-intensive growth project and a strong CAPEX increase is not expected going forward, what is the Company's stance on cash generation usage going forward in terms of deleveraging or dividend payments?

Alexey Philippovskiy

As for the sale of the gas assets, their book value in our IFRS financials is currently RUB 36 bn. We consider gas assets as non-core ones and would consider selling them even at a price below the book value. It is difficult to say what the price will be, as we are actually running an auction. We do intend to divest of those asserts, even if they are sold at a price below the book value. Speaking about the proceeds and the future outlook for the dividend policy, we are in discussions with our shareholders that are also talking to each other. The plan to go forward for the Company is to present our long-term liquidity scenarios in Q1 2018. Based on these, the Board may make a decision about the potential change in our dividend policy. I cannot exclude the possibility of some kind of special dividend, if the sale of the gas assets happens in Q1 2018. However, the dividend policy and distribution are the functions of our shareholders, and as management, we can only make proposals. In our view, the Company is in a very robust cash generation mode, and from a liquidity standpoint, we can pay higher dividends.

Boris Sinitsyn – VTB Capital

Fair enough, thank you so much.

Sergey Ivanov

If I may add – this is Mr. Ivanov – there are many rumours on the market that we are going to increase dividends and switch to an FCF-based dividend policy. I have got some calls from investment banks. I would like to say that there are no official decisions taken, there are no preparations for the Supervisory Board to consider these matters. I personally do not expect that our dividend policy will change next year. But the Company will be in a position to pay at least a 50% dividend. We do not think we will have any changes here. As soon as we get any information on these topics, we will be ready to present it.

Dan Shaw – Morgan Stanley

Hi, just one follow-up on the CAPEX. The number that you expect for 2018 is RUB 38 bn. Does that include any benefit in terms of the rebate you expect to get for the access road to Verkhne-Munskoe deposit? Thank you.

Alexey Philippovskiy

We expect to receive the Verkhne-Munskoe rebate in 2019. So it is not going to happen in 2018.

Dan Shaw – Morgan Stanley

And If I can just follow up on the sale of gas assets – if that happens below the book value, as an impairment, will that put downward pressure on the dividend or is it going to be adjusted for when thinking of your dividend payout at the year-end? Thanks.

Alexey Philippovskiy

Assuming that our dividend policy will stay as it is now, a write-off of a portion of the value of our gas assets will impact our net profit and dividend. However, we do not expect it to be large or material.

Pierre Safa – Silver River Capital

Concerning the write-down you expect in 2017 and 2018 – in 2017, it is going to be, based on the numbers you gave, no larger than RUB 9 bn, which will be entirely covered by the insurance. But there are another RUB 15 bn or so to be potentially written off in relation to the equipment in 2018. Will any of that be covered by the insurance or not?

Alexey Philippovskiy

I will take this question. The insurance limit totals RUB 10 bn, and, as we mentioned earlier, we will make a corresponding accrual before the end of 2017, so it will be in our 2017 financials and it will fully offset an up-to-RUB 10 bn write-off that will be made in the same year. Speaking of the RUB 15 bn value of the above-the-ground complex, which is now in conservation, if we make a decision to reconstruct the mine in 2018, then it will not be written off. If we decide against the mine reconstruction, then we will have to write it off, and the total impact on our bottom line will be RUB 15 bn.

At this point, we cannot really say what the decision will be. In H1 2018, we will run a tender for all interested parties to propose a technical solution for the Mir reconstruction. Depending on how it goes, by the end of Q3 2018, we will be in a position to make a decision regarding the future of the Mir mine.

Anton Fedotov – Bank of America Merrill Lynch

I have a follow-up question regarding the dividend policy. You mentioned that you were going to propose some changes to the dividend policy to the Supervisory Board. Will those changes apply only to a certain special dividend payment or permission to propose a special dividend, or are we to expect some proposal regarding a change to the dividend payout rate from the 50% upwards?

And if the Board agrees with your proposal, will that imply changes to the 2017 dividend payable next year, or will it be implemented later?

Alexey Philippovskiy

In Q1 2018, we will present to our Board a long-term liquidity outlook for the Company and an overview of dividend policies of other companies that are either state-owned or have the government as the majority shareholder and of other companies in the metals and mining sector. We will also propose a few scenarios on how the financial situation of the Company will play out under different scenarios, if we apply one policy or another. And, as Mr Ivanov said, it is up to the Board to decide what policy we should adopt. So it is more of a subject for discussion among the members of the Board rather than a proposal from the management. Speaking of the timing, since this matter will be discussed in Q1 2018, we do not expect that this will impact the dividend payout for 2017, which will take place in 2018.

Anastasia Tikhonova – Renaissance Capital

Actually, my question has already been answered. So no question from me.