# MAGNIT 4Q AND FULL YEAR 2021 OPERATING AND UNAUDITED FINANCIAL RESULTS

**Russia (February 4, 2022):** Magnit PJSC (MOEX and LSE: MGNT; the Company), one of Russia's leading retailers.

**Operator**

Good day and welcome to the Magnit 4Q and full year 2021 Operating and Unaudited Financial Results conference call. Today's conference is being recorded. At this time, I would like to turn the conference over to Chief Investor Relations Officer Albert. Please go ahead, sir.

**Albert Avetikov, Chief IR Officer**

Good evening, good afternoon and good morning, ladies and gentlemen. Thank you for joining us to discuss our 4Q and full year 2021 operating and financial results. With me to review the results are our CEO Jan Dunning and CFO Dmitry Ivanov. The results and respective presentation are available on our website. As usual, after our remarks, we will be ready to jump into the Q&A session. Before that, I would also like to remind you that today's financial results are based on the management accounts. And with that, I'm ready to turn the call over to Magnit's CEO Jan Dunning. Jan, please.

**Jan Dunning, CEO**

Good day, everyone. Thanks for joining us. We have a very great quarter behind us and I'm proud with the underlying operating and financial metrics.

We moved faster than we originally planned, and we again achieved more than we promised. Sales densities showed another round of improvement, LFL sales growth accelerated and remained market leading. Our online sales channel showed fantastic growth pace. Dixy integration in progress and margins came actually above our expectations. Finally, working capital turned negative for both Magnit standalone and also in the combined business.

Let me take you through the key highlights before we move into details. That was a remarkable quarter, like I mentioned already, with total sales growth of 15% and LFL of 10% in Magnit stores - the best results for the last 35 consecutive quarters. Sales density increased by 5%. We opened 2.3 thousand stores last year — more than six stores a day and much ahead of our original guidance. On top, we added 2.5 thousand stores through the M&A of Dixy, so overall added almost 5,000 stores last year. We reached remarkable 100,000 online orders a day in December with RUB 11 billion GMV for the full year. We finished acquisition of one of the leading Russian food media "Gastronorm" to develop a digital media platform focused on food and healthy lifestyle. EBITDA margin of 7.4% in the quarter — another round of improvement, partly thanks to faster integration of the Dixy business. Working capital cycle optimization with RUB 18 billion of cash release, and finally working capital turned negative, almost a year ahead of the plan. ROIC for the combined business increased almost 200 bps year-on-year to 15.7%. And we have an ambitious guidance for 2022. We plan to open more than 2,000 stores this year on gross basis, accelerate redesigns up to 900 stores and spend RUB 80–85 billion on CapEx.

This year, we continued also to strengthen the team. Aleksey Kornya, ex CEO of MTS, joined us to help with acceleration of the Company's ongoing digital transformation and assistance in further development of digital services for customers.

With that, I will now add some color to quarter developments.

<u>We achieved a solid LFL growth and speed-up expansion</u>. The total sales growth, including Dixy, stood at 34%. Adjusted for the consolidation of Dixy, we achieved remarkable 16% of net sales growth. Double-digit LFL sales growth was recorded in five out of eight regional districts. Key convenience format was the key driver with 12% LFL sales growth. Supermarkets were impacted by introduction of QR codes in the shopping malls, and the drogerie stores were affected by much lower inflation in non-food categories and high comparable base. This was driven by LFL sales growth of 9.9% pushed by mature stores. For example, our old vintages, stores opened in 2018, delivered strong double-digit LFL sales growth, and older stores were at high single-digit level. And basically, this is the strongest LFL sales growth, like I mentioned earlier, for the last 35 quarters in a row.

Expansion accelerated underpinned by strong return dynamics. We opened 834 stores on gross basis — almost twice more than a year ago. And for the full year we added 2.3 thousand new outlets. And thus, we have exceeded our opening guidance.

Other Company's specific trends included:

- Continuous inflow of new customers, however fully offset by negative visit frequency following COVID-related restrictions
- Ramp-up period post redesign was another negative contributor to traffic growth, as more than half of full-year redesigns fell into the fourth quarter.
- The number of loyalty cardholders exceeded 58 million, with 69% of penetration in sales.
- On-shelf price inflation peaked in November, and then started gradually to decelerate in line with Rosstat food CPI.
- The number of articles in the average basket was negative, while average price per SKU remained in a positive zone.
- Strong October and November with double-digit LFL sales growth. December affected by high base for comparison, partly driven by social payments and lower on-shelf inflation.

The promo intensity remained flat. Promo remains at a healthy level, flat YoY and QoQ. We see no bargain hunting in our stores, and we continue to focus on our CVP improvement to drive sales and traffic in the first place. At the same time, we see improving promo margin due to better promo forecasting.

We also continue to develop our E-commerce initiatives. GMV of Magnit's online segment stood at RUB 6.0 billion for the quarter and RUB 11.2 billion for the full year. This generated 0.6% of the total Company's revenue. Around 4,500 stores and 20 dark stores in 64 regions were connected to the service. This year, the number of connected outlets may increase to around 6,000. As we rapidly expand into regions, the share of our online revenue generated outside Moscow and St. Petersburg increased to almost 70%. In the quarter we were processing more than 60,000 orders a day, while on the peak day in December we hit 100,000 orders. And this year, we want to see our online GMV at least doubling.

The discounter outlook looks very promising. We continue developing our discounter concept. As of today, we operate 210 stores, including 119 that have been reformatted from convenience stores. During 2021 Magnit opened 175 stores, including 78 in the reported quarter. The average ticket at "My Price" — which is the name of the discounter — increased by 8% YoY and stood at RUB 324, which is slightly below than that in the convenience format, while the sales density is higher.

Now a bit on the recent trading.
The LFL sales growth and total sales growth in January remained high single-digit and total sales growth was actually double-digit. Both have decelerated versus the fourth quarter average and previous month. The main pressure was observed in the drogerie and supermarket formats, much less pronounced in the main convenience format where the LFL remains very strong. Interesting that our online sales in January were on the level of December despite low season, and that actually compensates pressure in the stores. We have started seeing lower visit frequency and first signs of trading down. These effects were related first to the strong “Omicron” strain wave with lots of customers staying at home and reducing their visits to the stores. Continuous inflationary pressure led to spending cut by customers. We have started seeing these dynamics since the second half of December. We're closely watching trading and in case the current trends become sustainable, we may consider some smart actions to support customers. As you may know, we have already introduced voluntary initiative, putting 10% mark-up cap for 200 socially important SKUs from 25 product categories. All together, these account for around 5% of our total sales. On the one hand, it will have a slight (up to 0.04%) direct negative impact on our full year EBITDA margin, but on the other hand, it may result in an additional traffic uplift as not all the retailers will be able to follow. And we have already seen some positive implications from 8.6% pension indexation approved by the government, with the first payment coming this week. Given that this is not a one-off payment and covers large share of our customer base, we may see Magnit as the main beneficiary. In general, strong margin momentum continued in January and is expected to accelerate throughout the year. So, if required, we have enough capacity to invest in prices in a very smart way, not sacrificing our long-term profitable guidance. In case of the further downtrading, we believe Magnit is the best positioned to capture the opportunities to gain more customers by adjusting its offering, promotions, etc.

Let me also give a bit of information on the Dixy integration, which is in progress. The Dixy stores showed very strong improvements getting the best quarterly LFL sales growth in a year. On pro-forma basis, LFL sales growth was in the mid-single digit level fully supported by mature stores. So, despite high base sales densities, it continued improving. We have moved forward with improvement of the Dixy supply conditions, direct import operations and joint private label sourcing. As a result, by now we have extracted more than half of total planned synergies on gross profit level, and that was achieved ahead of our original plan. Our target remains unchanged – we do expect Dixy profitability to come very close to Magnit's level by year-end.

Let me pass the floor to Dmitry to walk us through our financial results.

**Dmitry Ivanov, CFO**

Thank you, Jan and good day to everyone. Let me start as usual with gross profit. Gross profit margin improved on both YoY and QoQ basis. Gross profit margin stood at 24.1% coming 77 bps above the level of the same quarter of last year and 52 bps above previous quarter. We have positive and negative factors, and positive factors were the following:

- Improved commercial terms with suppliers.
- We had better promo funding from suppliers and higher promo margin.
- Our supply-chain costs decreased by 12 bps on higher DC productivity and utilization, and this was partly offset by negative impact from the increased container shipping tariffs and intensive competition for labor leading to selective salary indexation at 15 distribution centers.
- Shrinkage as a proportion of sales increased by 5 bps versus last year driven by consolidation of the Dixy business. Shrinkage as a percent of sales at Magnit business standalone remained flat.
- We had higher share of private labels of Magnit increased by 1.6 pp to 16.1% and larger volume of own production with new record of 360,000 tonnes of goods produced under private labels of Magnit, which is 17% YoY growth.
- We had favorable format mix on lower share of the wholesale business.

These positive factors were offset by consolidation of the Dixy business with lower commercial margin and technically lower share of high margin drogerie business due to consolidation of Dixy.

SG&A expenses increased YoY and QoQ driven by accounting effect from calendarization of personnel costs. SG&A as a percent of sales was 72 bps up versus last year. There were two main factors explaining such dynamics: staff costs and growing share of the stores in the ramp-up phase. Staff costs increased 62 bps versus last year. It was predominantly driven by different calendarization of the annual bonus accrual within 44 bps versus last period of the year, when it was more evenly spread between quarters. Total full-year amount of expenses related to STI program remained flat. On a quarter-on-quarter basis, staff costs increased 40 bps, so adjusted for this accounting effect it was basically flat. Other influencing factors included higher share of outsource staff and much bigger number of new stores in the ramp-up phase. This was partially offset by continued productivity improvements and ongoing automation of business processes. Lease costs increased by 12 bps versus last year driven by consolidation of Dixy stores, acceleration in store openings, and thus larger number of stores in the ramp-up period as well as higher share of lease space. Rent expenses of Magnit business standalone decreased as a percent of sales. Advertising expenses decreased by 21 bps versus last year on more efficient marketing activities and calendarization of loyalty campaigns. Other costs remained broadly flat.

As a result, EBITDA margin improved both YoY and QoQ to 7.4%. Net interest expenses increased by 34% in absolute terms but stayed flat versus previous quarter. This came due to recent increase in total amount of borrowings to finance organic expansion and M&As. Meanwhile, cost of debt stayed unchanged. Large amount of cash was placed on bank deposits at a high rate, so provided some interest income. Profit before tax increased by 40% despite FX loss versus gain a year ago. Thus, we paid much higher absolute amount of taxes (by 55%). And we also had slightly higher effective tax rate of 23.2%. As a result, net income increased by 46% versus last year and stood at RUB 15.2 billion with a margin of 2.8%.

Working capital turned negative ahead of plan with RUB 18 billion of cash release. Inventories increased by 9.2% versus last year, while sales growth came at 34%. Adjusted for the Dixy acquisition, inventories of the Magnit business standalone reduced substantially. Faster rotation in days was achieved despite acceleration of store openings, higher on-shelf availability, increasing supplier inflation, and, of course, consolidation of the Dixy business. Trade and other payables grew by RUB 55 billion

versus end of the previous year driven by higher sales and increased payment days. Accounts receivables increased by RUB 3 billion due to higher sales and improved commercial terms with suppliers. Working capital turned negative with the cash release of RUB 18 billion. Negative working capital was achieved for both Magnit standalone and the Dixy business.

CapEx increased on acceleration of expansion and redesigns. CapEx in fourth quarter almost doubled to RUB 24 billion due to almost twofold acceleration of expansion and more than quadruple strengthening of the redesign program. So, for the full year we spent RUB 66 billion or 3.6% of total sales, which is in line with our guidance. Cash flow generation was strong with free cash flow position of RUB 64 billion adjusted for the Dixy acquisition.

So, our financial position remains healthy with leverage going down again. At the end of fourth quarter, our gross debt was RUB 270 billion, which is flat versus two previous quarters. Cash position of RUB 73 billion resulting in net debt of RUB 197 billion. Average cost of debt stayed flat again for two consecutive quarters at 6.4%. It remains much below the state bonds yield and Central Bank of Russia key rate. Portfolio duration is long enough. We have quite low refinancing requirements this year, less than 10% of total debt coming due in summer. Bank loans do not have any variable component – rates are fixed. So, we don't expect any meaningful change in the average cost of debt in the next periods. Net debt to EBITDA ratio went down to a comfortable level of 1.5x versus 1.9x just a quarter ago. With strong cash generation we may not need any borrowings to finance our organic expansion and projects. So, subject to M&A opportunities our leverage will continue moving down in the next periods.
Now I will give a floor back to Jan for some closing remarks.

**Jan Dunning, CEO**
Thank you, Dmitry. A couple of final remarks from me before we move to the Q&A session. For us, the results are very encouraging. We see in many areas that we move faster than actually we originally planned. And that led to another round of ROIC increase combined with 20% growth in cash distribution to shareholders. The consumer environment is tough now. But if required, we have enough capacity to selectively adjust our offering, tailoring assortment, doing smarter actions and investing in pricing. What we've seen, and that's evidential, is that the flexibility in those areas has

increased a lot with Magnit. With having mentioned this, we are actually confident in our ambitious long-term targets. I would like to finish with thank you for listening, and we're ready for questions.

**Operator**
We will now take our first question from Nikolay Kovalev from VTB Capital.

**Nikolay Kovalev, VTB Capital**
Hello. I have two questions. First is on Jan's comments today about the buyback. I think it was the most discussed topic for us as well today. If you can provide any kind of indications how big buyback can be, timing or structure or how you are going to use the proceeds, that will be actually quite helpful for us.

The second question, I wanted to ask on net working capital optimization. Congrats on great results. I see that during the quarter the most support came from actually payables in the contrast to previous quarter when inventories were mostly optimized. So, I wanted to ask: can you mention a few reasons on operating front, that really drove such improvements in the payables? Thank you.

**Jan Dunning, CEO**
Let me start with the first question, because I know I did an interview this morning and somehow that got into the news a bit with a different twist than I intended to. Because what I wanted to say is that there's no concrete plan to buy back at the moment, but looking at the share price I think a lot of Russian public stock is considering a buyback and I think we should look at it as well. But like I mentioned, there is no concrete proposal or plan yet. But if the stock price is devaluating and moving in the direction where it is at the moment or it was even lower, then investing in your own stock with the dividend yield that you have might potentially be an interesting opportunity. And you know our approach, we need to set that off towards all other alternatives that we have of growth and investment opportunity. I think a lot of public companies at the moment are looking at that opportunity and I think we should at least also have a look. I hope that I put it a bit more clear, because I felt it was an idea that we're almost announcing it. That's not the case.

**Dmitry Ivanov, CFO**

Nikolay, good evening and let me take the question on net working capital improvement in 2021. Structurally, net working capital improvement last year was predominantly driven by stock rotation improvement. We improved stock days by more than six days. Also, another component of net working capital improvement was accounts payables. For full year, on average, we calculated it was improved by around slightly more than one day. But in Q4 it was, I would say, more visible because it was related to phasing of our negotiations with suppliers and also phasing of purchases, and stock building for New Year. In general, structurally, net working capital improvement by better rotation and better working capital cycle, and our focus is continuing to improve net working capital cycle, to improve inventories. For example, in general we already know January figures — we improved inventories by around two days. And this is coming and will come despite increased number of stores, despite quite active assortment rotation and despite suppliers' inflation.

**Jan Dunning, CEO**

We're also investing quite a lot in F&R. We also are already happy to see that some of categories are moving into the system. And we're paying a lot of attention to the way we distribute goods to the stores, whether it's single pieces or racks. It also helps us to decrease the number of stock that we have inside the stores.

**Nikolay Kovalev, VTB Capital**

Thank you very much. That's helpful.

**Operator**

We will take our next question from Henrik Herbst from Morgan Stanley.

**Henrik Herbst, Morgan Stanley**

Thanks very much. I have three questions, please. It sounds like you're well on track to realize synergies in the Dixy deal. I guess we don't really know where margins started from. But if margins converge to Magnit levels, maybe that will give you 10–20 bps on EBITDA margins going into 2022. I guess you pre Dixy had guided for, or targeted EBITDA margins trending towards 8% by 2025, I think. So maybe that's another 20 bps. Can you maybe talk a little bit about how we should think about the scope for margin improvement in 2022?

Then the second question is on your cash flow, giving you had a very nice and big benefit from working capital, I guess, your interest costs in absolute terms at least will grow up next year, as you got the Dixy debt, etc. How should we think about the sustainability of cash flow in sort of absolute levels? Or do you think you can grow equity free cash flow going into 2022?

One more question. In terms of the incremental CapEx, your guiding for CapEx grew up quite a bit. How do you think about returns on that CapEx? And if you compare it to ROIC, you're saying it was 16% now. Presumably, you're expecting CapEx to generate higher ROIC. But maybe if you could just talk a little bit around that, as well. Thank you very much.

**Jan Dunning, CEO**

Hello, Henrik, thanks a lot. Let me take the margin improvement part in the CapEx part, and then I think, Dima, you're well positioned to deep dive a bit more.

With the acquisition of Dixy, it was clearly a case where we knew with the overlap of assortment and supplier conditions, if we get Dixy on our supplier conditions, plus we add the volumes of Dixy to our volumes, we potentially have an improvement in the commercial terms. What surprised me is that we realized that actually quite quick. That's a big compliment to the commercial team and of Dixy and of Magnit. So that's the biggest contributor towards the EBITDA improvement, because what we've seen is that actually in the fourth quarter Dixy came in already on the level of commercial margin slightly below the Magnit. And there are still, of course, a couple of synergies to get out of cost. But we expect that Dixy will step in. And in the combined volume, plus the growth that was shown, plus the forecast that we see, we believe that we have still opportunities to improve our commercial margin overall. The backside of the whole thing is, of course, our cost development. Due to the inflation and the environment, you will see that there is pressure on the cost itself, OpEx. But we feel as well with the synergies that we have in place with Dixy, potentially we are able to control that as well. So there are certain programs that we ran in Magnit that we would like to run as well in Dixy. One of them, which you have seen in the last couple of years is, for instance, the rent negotiations. I think that's an important synergy aspect. We also believe that with the volumes of purchasing in CapEx, on the non-commercial purchasing, we potentially will also see some benefits. And we also believe, and that's

more also on the same impact of Dixy that on the supply chain we will also see some opportunities by combining their, I would say, infrastructure with ours and the other way around. Overall, I'm very, very optimistic. I'm also super happy with the Dixy acquisition, because what you clearly see is that deep dive now to a very granular level in an organization is different than yours. There's a lot of lessons to be learned from both sides. Also we will learn from Dixy, which then has an opportunity to deliver to Magnit on a much bigger scale, it is rather advantage. And that's actually the process that we're currently in. Overall, very successful, very good investment. I think, looking as well at returns, this is a great deal.

Then on the CapEx. We see, of course, the wake is coming up. I don't think you should expect us to come up with different criteria with regards to returns. I think we keep actually expecting higher returns on our investment. So despite the fact that we move to 80–85, we believe that we can spend that 80–85 on returns that are similar to what we've seen in our business so far. You see as well the increase of ROIC on the total business. Of course, it's primarily driven by LFL, but this is of course also the investments that we've done, actually pushing that up as well. So I believe that the CapEx is going to be spent consciously, the criteria won't change. If they change, they potentially change more upwards than downwards. For so far as well, if you look at the post analysis of 2021, the first two–three quarters, we see that actually the returns come in higher than what we set as the hurdle.

**Dmitry Ivanov, CFO**

Free cash flow generation is driven and will be driven by structural improvements in our business. First is top line, LFL sales, sales densities, and accretive expansion. Second is profitability improvement, EBITDA. And third one is structural improvements in working capital cycle which will help us to improve stock days, payment days and accounts receivable days. Given the structural improvements, we can expect a sustainable free cash flow generation. But again, if you talk about working capital, given quite significant improvements over the last two years we can't expect the same level of improvements in 2022. Of course, there will be some improvement because potential is huge, but not in a such big extent as it was in the past.

**Henrik Herbst, Morgan Stanley**

Got it. Does that mean that overall if you look at just free cash flow generation, we should expect free cash flow to improve in 22 versus 21? If you put all those moving parts together.

**Dmitry Ivanov, CFO**
Yes.

**Henrik Herbst, Morgan Stanley**
Thank you very much.

**Operator**
We will now take our next question from Yulia Kazakovtseva from UBS.

**Yulia Kazakovtseva, UBS**
Good evening. I have two topics to discuss, please. The first one is the discounters. Could you please comment on your current opening strategy for the format? What are your targets, margin growth and EBITDA for the format in the long term? Do you plan to manage the format separately from other formats?

The second question I wanted to ask is about profitability structure by format. If you can comment, could you please provide any color on this? How profitable cosmetics is, for example? It would be helpful.

**Jan Dunning, CEO**
Yulia, thanks a lot. So, the discounters. What we identified in the course of end of 2020 — beginning of 2021 was that in the migration reports, we were actually gaining a lot of customers, and which were actually a bit more affluent than what we used to have. And they were looking for a different price tier assortment which we then implemented. So we went from a P1–P2-oriented business into a range stretched to up to P4. As a consequence, and that was already visible at that stage, there was also a customer inside our store where we already had the suspicion they started to spend less, so probably they are looking for even cheaper alternatives. As you have seen, the discounting segment has grown over the last few years, quite strong in Russia. So that was a moment that we thought, why don't we create a format which actually serves that demand and we called that "Moya Tsena" ("My Price"). And the advantage was,

we could do this because we have our own factories as well, we can produce our own goods. That's what we started doing. The discounters in itself are called convenience minus, they have private label primarily or entry labels on the shelf, and they're actually very successful.

You were asking about the opening strategy. We planned to open up 150 last year, but we ended up a bit more with 190. But for this year, we have a pretty aggressive plan to open up at least 300 to 500 additional. We think that's feasible. Actually, we think it's also necessary, because with this production mass we can also then offer the customer a very good price.

Then, of course, the question was also on margins. The margins are of course lower than our regular business. But I think we have mentioned that earlier, in the multi format retailer, and that's also the answer to your second question, you can stare yourself blind on profitability by format. In the end, it's all about how much is this ruble going to deliver me back. So it's all about returns. Although the EBITDA margin in the discounter is lower, it delivers the returns that we demand, which are on the same level in the same criteria as for all other formats that we have.

Getting to your last question, which is what's the profitability by format, of course we know the numbers and I'm not going to share them with you, but I also think we should think different. We should think, first of all, in more customer centric thinking, and second in a more return thinking. If I spend money on a pharmacy, then I know that this is not going to deliver the EBITDA margin that I could get from a convenience or a cosmetics business. But I do know that the returns are okay, and I do know that it serves a certain customer demand in which I get more loyalty from that customer. So you need to look a bit wider and that's the approach that we take. Also in the examples that we ordered, the tests that we did with the Magnit To Go — the very small mini markets — and they also have fantastic returns. But it doesn't mean that all the money goes to Magnit To Go, or there's no money going to pharma, or let's spend more on hypers or whatever. It's the whole combination and investments are primarily return-driven.

**Dmitry Ivanov, CFO**

Yulia, overall, you've heard we have a quite ambitious opening plan for discounters for this year. We will also announce our long-term plan at the Capital Markets Day. But as you hear, we stick to our long-term guidance, profitability guidance. Despite, yes, we are expanding in a business concept, which is known to be a lower margin than the main concepts which we run.

**Jan Dunning, CEO**

On the numbers of stores, that won't have impact. We're not changing our guidance on our long-term EBITDA margin.

**Dmitry Ivanov, CFO**

It stays unchanged.

**Yulia Kazakovtseva, UBS**

Thanks a lot.

**Operator**

We have another question from Alexey Philippov from JP Morgan, please go ahead.

**Alexey Philippov, JP Morgan**

Thank you very much. Can I follow up on the hard discounters question, please? Private label strategy in particular. It seems that it shall be heavily reliant on the private label that is not existing yet in large. And part of the assortment can be sourced from your own production. That I understand, but in essence you need to create a lot of private labels. Can you explain how is that possible, given how challenging it was to create private labels before in the core segment? Any qualitative cover on this front?

**Jan Dunning, CEO**

I totally agree with you. The discounting should at least have its unique assortment. We have seen in 2021 that the share of private label is 20%, and that's excluding Fresh. The target is 50. It's important that we find a portfolio of suppliers that are willing to produce the quality levels at the price level that we would like them to deliver in Russia. That's exactly the work that we do. We're looking at the sourcing map, how to find those suppliers and how to make sure that we deliver the relevant quality. By the way, we do the same for our own production. Also, there we look for opportunities

to substitute current suppliers by our own factories by making sure that we are more flexible. So far, if I see the progress, I think we'll be successful. Private label or exclusive discount, assortment, and also exclusive discount packaging is very fundamental to the format. We are aware of that. Although we had to start from the existing assortment, I see that the steps are made and that will make improvements going forward. I expect that this year to happen as well.

**Dmitry Ivanov, CFO**

And Alexey, just to remind you that this year the growth in own production was 17% YoY, with the record high production volume. Basically it's almost in line with our sales growth adjusted for the Dixy consolidation, of course.

**Alexey Philippov, JP Morgan**

Thank you very much. That’s clear.

**Albert Avetikov, Chief IR Officer**

If there are no further questions, I would like to remind you that we will hold our annual Capital Markets Day on February 17 to update you on the achievements and our strategy going forward. You are welcome to participate. Thank you, and have a nice evening.