

Company: O'KEY Group
Conference Title: First Half 2014 Unaudited Financial Results
Presenter: Maxim Kravtsov
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Operator: Good day ladies and gentlemen and welcome to the O'KEY Group Unaudited Financial Results for the First Half of 2014 Conference Call. Today's conference is being recorded. At this time I would like to turn the conference over to Maxim Kravtsov. Please go ahead.

Maxim Kravtsov: Good day ladies and gentlemen, welcome to the conference call on the Consolidated Financial Results of the O'KEY Group for the First Half of 2014. In the presentation part we will comment on the financial results, current trends and give an update on the full year guidance. In the second part we will have a Q&A session.

I will start with a brief recap of our key operating and financial results in the first half 2014. As always full details of this call and materials used will be available on the investor section of our website.

In the first half 2014 our revenue grew by 12.3% to RUB 72.7 billion on the basis of a 4% increase in like-for-like revenue and a 16% expansion in the selling space. Revenue from sale of goods was equal to RUB 71.7 billion and other income amounted to RUB 990 million. Our gross profit increased by 18% and gross margin reached 24.1%. Gross margin increased by 110 basis points as a result of improvements in purchasing conditions. This result is consistent with the company's strategy of growing profitability and we see further potential for improvements in our commercial terms.

General selling and administrative expenses continued to increase as a percentage of revenue driven by growing personnel costs, operating leases and scaling up of the discount of projects where we are actively getting ready for the launch of first stores. In the first half of 2014 personnel costs increased by 18% and as a percentage of revenue reached 9.9%, however growth rates differed substantially between the quarters inside the first half. Most of the

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growth occurred in the first quarter of 2014 where personnel expenses increased about 20% year on year. In the second quarter we saw a significant slowdown in the growth of personnel costs that increased at a rate close to the revenue growth. This positive trend results from the changes that we introduced in our organisational structure throughout the first half 2014. As we mentioned previously we have revised working practices and schedules which resulted in optimisation of head count and expenses. At the same time the structure of our offices has been changed both at the federal and local level. We used to have a network of local offices by city which has been lifted up to the regional level. This shift allows keeping essentially local presence and control of our operations while the number of local offices reduced. As of 30th June 2014 the impact from all these changes is a 5% reduction in head count, yet the impact is not even throughout the first six months as most of the changes took place in the second quarter and some are still underway. We plan to complete the shift to the new structure in the third quarter 2014.

The other driver of growth and expenses is operating leases which increased by 32.6% and reached 2.5% of revenue. The main reasons for the sharp increase are the addition of new lease space and indexation of existing contracts. Lease space increased by 15% since June 2013 as we added six transit stores net of one closed supermarket. Amongst 2013 openings are the three hypermarkets in Moscow where rent is more expensive. Average indexation of divesting contracts amounted to 11% where a large part of the increase was driven by the weakening ruble exchange rate.

Our discounted project is getting really for the first openings in 2015 and is scaling up its operation. In line with the project schedule in the first half 2014 the project office continued to increase with most of the hirings being done in construction, sales purchasing and IT department. We've also strengthened the teams responsible for the distribution centre and store launches. As a result in the first half 2014 project costs increased by RUB 150 million year on year and accounted for 0.3% of total SG&A expenses. The resulting EBITDA margin came at 6.7% which is 10 basis points above the first half 2013. In 2014 we have intensified our expansion with investing cash flow reaching RUB 7.5 billion. This investment was financed primarily through debt which resulted in a corresponding increase in finance costs that rose by 16.9% to RUB 702 million. Income tax expense an effective tax rate increased ahead of the profit

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growth due to the tax withheld of dividends. Part of the tax on 2013 dividends were paid in 2012 while taxes for 2014 dividends were paid in full during the year. As a result 2014 taxes withheld on dividends were significantly higher leading to an increase in the effective tax rate. Profit for the year increased to RUB 1.7 billion while net profit margin declined by 20 basis points to 2.3% of revenue due to the changes described above.

Now let's move to the cash flows, investment and debt. In the first half 2014 we invested RUB 7.5 billion in building and refurbishing new stores, acquiring land plots and preparing the launch of the discounted projects. This investment was financed through raising new debt. As of 30th June our gross debt came at RUB 24 billion which constitutes an increase of RUB 7 billion. The new debt is raised fully in rubles and mostly with the fixed rates. Compared to December 2013 the share of the debt with floating rates has decreased to 13%.

Cash flow from operating activities increased by 43% to RUB 634 million due to higher profitability and better working capital management. These were key financial results and changes in the first half 2014 and now I would like to pass the call to Tony Maher, our CEO.

Tony Maher: Thank you Maxim and good afternoon everybody. I will continue with an update on current trading, our expectations for the full year and the impact of the now well publicised import ban on some of the products we sell in our stores. As I mentioned in our April conference call, in the second quarter of 2014 we have been undertaking a number of measures to improve operational performance. These measures run across two main areas: firstly conducting targeted impactful marketing programmes which are attractive to our shoppers; and secondly improving our operational efficiency. Programmes which we have initiated in the second quarter to drive traffic at key shopping periods have begun to show us some early signs of success. These programmes are primarily based around high demand categories and are designed to have a strong impact on traffic generation. In addition we have decided to strengthen our promotional offers in our catalogue whereby the net price to our shoppers is now more attractive than in the past. We intend to continue to build on these initiatives and to improve our value proposition. The cost of these programmes has been mostly offset by more focused negotiations with our suppliers, therefore I do not expect any meaningful impact on our overall margin.

In terms of operational efficiency as Maxim mentioned we continue to streamline our organisational structure, increase the efficiency of our workforce, improve business processes and reduce our complexity. These improvements are ongoing and will deliver value over time in terms of higher cost efficiency, especially in overheads and in pushing decision-making closer to our field operation. At the same time we should understand that these initiatives and improvements take time to bed in both in terms of getting the offers right to our customers and in terms of building momentum in the business. The success here comes from consistent execution of a strategy as opposed to continuous change of direction. As you can see from our first half results we've made good progress in our development pipeline. The amount of investment has increased substantially with most of it being targeted towards 2014 and 2015 pipeline including our discounts through projects. Our plan to open eight hypermarkets this year is being fulfilled and we started to advance much more actively on 2015 openings than we have in prior years in advance. The expansion of new supermarkets is also well underway and we will most likely surpass the target of opening five shops this year. Based on our expansion plans for this year we reiterate our earlier guidance for revenue growth at around 12%. With the improvement achieved in purchasing conditions and operating efficiency we are also on track to deliver the 8% EBITDA margin that was announced previously.

This concludes the section about our results and targets. I now want to move the subject of import bans introduced by the government of the Russian Federation. We've previously indicated that the restrictions directly impact approximately 10% of our revenues in terms of 2013 sales. The impact of restrictions should be considered from two perspectives: firstly from product availability; and secondly from a price inflation point of view. As for the product availability we can directly replace more than half of the restricted items with comparable substitutes and this is happening as we speak. For the remaining products representing approximately 4% of our revenue, we are looking for alternative products that will be sourced mainly from the African and South American continents. These products will find their way onto our shelves over the next several weeks. There will however be some product choices that cannot be replaced, for example certain varieties of cheeses, certain fruits. As a result of all these changes we will not have any empty shelves but our assortment primarily in cheese and fruit and vegetables will diminish somewhat.

The impact on price inflation is more difficult to quantify. When competition is reduced in any market there is normally an impact on pricing. Over the past several layers we have had quite a number of requests from suppliers for price increases with various reasons for justification. Of course it is all part of the negotiation process and our commercial team is mandated with protecting consumers for any unjustifiable price increases.

In summary despite the current challenges in the Russian retail space, we believe the sector represents significant opportunities over the long term and remain as committed as before to building a leading market position across all the formats that we are competing in.

So this completes our company presentation. Operator, we should now take any questions from our audience. Thank you.

Operator: Ok, thank you. If you would like to ask a question at this time, please press the star or asterisk key followed by the digit 1 on your telephone. Please ensure that the mute function on your telephone is switched off to allow your signal to reach our equipment. If you find that your question has already been answered you may remove yourself from the queue by pressing *2. Again please press *1 to ask a question.

We will take our first question today from David Ferguson from Renaissance Capital. Please go ahead.

David Ferguson: Hi, good afternoon everyone. So firstly could you talk a little bit more about the impact that the advertising and promotion initiatives are having on trading in July and August? Then secondly related to that how your competitors are responding, so that would be the first question. Then secondly on cost savings and reorganisation initiatives, you talked about the 5% reduction in head count, is that broadly it or do you think there's scope within the organisation to go further and take more costs out of the business over the next 12 months? That's it, thank you.

Tony Maher: David, good afternoon. Firstly costs is not something that you ever stop looking at and when we talk about 5% – this is what Maxim talked about as of the end of June compared to the end of the year on a like for like basis and he also mentioned that this is an ongoing process, so we continue to look at our business processes and our manning schedules which is where mainly the costs are derived from and indeed our organisational structure. We talked about removing...we had in every city practically we had a city office and while that's important in St. Pete because St. Pete is a region, we don't need a city office in every city that we operate in. That's a normal type of structure, so that really only came out around July for example, so this is ongoing and it's too early to say what the final numbers will be, but it's not going to continue forever of course but some processes may continue changing with technology and other things, but in terms of the manning schedules and so on, we now more or less have I would say from around July-August got more acceptable manning schedules in our stores where in the past we would have had similar manning kind of day to end up day rather than linked to customer numbers. In terms of marketing programmes, all our competitors and we have various programmes that are ongoing of different natures, some are based on pricing, some are based on...different kinds of pricing I suppose, some are based on categories and so on. I wouldn't say there was I guess at one stage during the month of July there was a price war on bananas going right across Russia, not started by us incidentally, but our programmes, we are happy with. We don't see that they are directly targeting anybody else. We believe they are targeting our shoppers to be bringing more regularly to the stores...I don't see it being other than any cases which we didn't initiate, I haven't seen any major type of price war going on anywhere. I spent actually the last two days in store both in St. Pete and in Moscow and we have our programmes and other retailers of theirs and that's the way it is.

David Ferguson: Ok, that's great. Thank you.

Operator: Thank you. We'll now take our next question from Nikolay Kovalev from VTB Capital.

Nikolay Kovalev: Good day to everybody. I have also a couple of clarification questions, so following your optimisation head count I was wondering how many so-called regional offices you have at the moment and also if your legal structure of entities hasn't changed anyhow

following the reorganisation and also I wanted to double check, you said that revenue growth has now guided at 12%. Was your guidance at a range of 12-16%? Thanks a lot.

Tony Maher: We have five regional offices and that's pretty standard for most FMCG or our other type of consumer base business in Russia, so that was one question. What was the second question?

Nikolay Kovalev: The second question, I was wondering if your operating structure and legal entities changed in any ways following the reorganisation?

Tony Maher: They are changing, that takes time but we will have less legal entities, yes. The guidance whilst I said circa 12%, the guidance remains as was, yes. No change.

Nikolay Kovalev: So now it's 12%?

Tony Maher: No, I said it's still the same as it was.

Nikolay Kovalev: Ok, so the range of 12-16%?

Tony Maher: Yes. That was the guidance we gave earlier, yes, no change.

Nikolay Kovalev: Ok, thanks a lot.

Operator: Thank you. There are no further questions in the queue at this time but as a reminder please press *1 to ask a question. So we have some questions queuing now again, so we'll take our next question from Erik Hegedus from Wood. Please go ahead.

Erik Hegedus: Hello, good afternoon. I have two questions, the first one, could you please give us an update on the capex budget for 2014?

Tony Maher: We estimate total capex will be somewhere in the order of RUB 18 billion. On a cash basis that can be a billion less or so on because of payments at the end of the year etc etc, but somewhere in that region.

Erik Hegedus: Ok, I get it. Could you maybe tell us what do you think could be achievable in terms of hypermarket openings in 2015 based on the work you have done so far and also the development pipeline improvements?

Tony Maher: I would say somewhere around 14, somewhere around that number.

Erik Hegedus: Ok. That's it. Thank you very much.

Tony Maher: Thank you too.

Operator: Thank you. Our next question comes from Sveta Sukhanova from UBS. Please go ahead.

Sveta Sukhanova: Yes, good afternoon gentlemen. Two questions if I may, first would be the continued behaviour. I understand that July was very strong for you on promotions. I also might suspect that August should be strong for you given that people might be buying up front due to this foot stocking up, but may I ask when do you expect any signs of continuous trading-down? That would be the first part of the question. My second part of the same question would be do you expect that your consumers given that your provisioning might trade away from you if their incomes will be pressured to other formats?

Tony Maher: Svetlana, I think when you look at inflation, real incomes in Russia I would say this year are probably not growing and so I think we are definitely facing higher inflation than was originally forecasted by various illustrious bodies that are both national and international and certainly the current situation with for example simply fish, when you cut off a huge source of the supplier you are going to see price pressure. I was in St. Pete yesterday and I visited some of our competitors and the price of salmon – not in our stores funnily enough – but the price of salmon in both of our big competitors in St. Pete has gone up from about...it has almost gone up two times since the beginning of August so I think – not in our stores, but our stores will

increase also. I can't say that's going to happen for all fish, it hasn't, but in the case of salmon it definitely is because there's only one source of salmon really, of major size of salmon. So I think you're going to see more inflation if this ban continues and of course we will try to push that back but if at the end of the day you have less to try you're going to have more pressure on pricing and of course that will have a knock-on impact on the disposable income. Anybody who thinks it's true cannot deny that, it's not possible...

Sveta Sukhanova: Sure Tony. My question was more about traffic. How do you think it might affect traffic?

Tony Maher: I think if consumers are looking for more value then we're in a strong position to offer them that value as many a number of our other competitors are and maybe better than others, so I can't be more predictive than that but I can imagine that if consumers are looking for good value, I think we're in as strong a position to be able to offer that as anybody else. I don't see us being disadvantaged by that.

Sveta Sukhanova: Ok, thank you. My second question would be: could you please kindly remind us what's your current cost of debt and how do you expect cost of debt to change by the end of the year for average year on year? Also could you please kindly remind us because you have some debt in foreign currency which is hedged. Can you kindly remind us about the structure and what percentage of this foreign currency debt you have hedged?

Maxim Kravtsov: I will start with the interest rate. The average interest rate as of the end of the first half 2014 is 9.2%. If you will recall the previous period of 2013 it was 9.5, so actually as of 30th June 2014 the average rate has declined. The reason is that we've received several loans including the bond issue that was done at the end of last year which had some significantly lower rate compared to what we had before. Now of course if we look at the current situation, the rates are going up. It's clear, there is a shortage of money and then it's inevitably driving the bank's rate and we are already seeing this happen.

Now to your second part of the question, which is on the structure of our debt, we had the loans in foreign currencies which were hedged but we have repaid them. As of the end of the first half 2014 we don't have any loans from banks nominated in foreign currency, all the money that we

have are in rubles initially. Now with the exception of a small loan for \$20 million that's outstanding, this is approximately 3% of our total portfolio, which is in dollars, otherwise all the money are in rubles.

Sveta Sukhanova: It's very good to know and very helpful, thank you very much. Tony, if I may come back to your answer when I asked you about traffic and how you assess it, you said you can assess consumer behaviour and you do not expect consumers to fade away. May I ask can you offer better value, how are you going to offer this value and to keep the consumers in this high inflation environment if I am not asking for too much.

Tony Maher: I think we've got a price range in our stores of course. We don't have one price basket, we've got a range of price options across most categories and I said earlier that we believe we have strengthened our consumer offer probably towards the latter half of the second quarter quite substantially where we had in the past I would have said our price catalogues which we offer every two weeks in both supermarkets and hypermarkets, our offers were not always as strong as they could be and we have strengthened those quite a bit over the last several weeks. Obviously I look at these catalogues like many of our shoppers do every time they come out and I also look at many of our competitors and increasingly we've got winning offers in those catalogues and if I look at our first price basket which may not always be on the catalogue but they will be typically less known labels let's call them than the premium brands, we have a range of those in practically every single category. So it depends on the shopper. Some shoppers will go for first price on some categories, some shoppers will go for first price in every category and some shoppers will go for mixture depending on their taste and their awareness and loyalty, so we are capable, we've got that and I think that's one of the good things about large format stores. Unlike smaller format stores where you simply cannot have the range of goods. We are capable of having the range of goods with everything from the low price or entry price if you want, first price depending on whatever wording you want to use; all the way to the premium end of the basket which the margins in cash terms might be less but the margins in first price aren't necessarily lower than the margins in third price, actually sometimes the margin in higher premium products – in percentage terms, not in cash terms – can be lower because you could take a RUB 3,000 bottle of wine, you may not want to give a 30% margin on it because it's quite a lot of rubles, but on a RUB 300 bottle of wine 30% might be fine. Do I make sense to you?

Sveta Sukhanova: Yes, absolutely. So now the way I hear you that traffic is not a risk. The risk might be if the consumer will start trading down inside your store with higher priced items to lower priced items which might slightly affect your mix but it still gives you more customers is the way I understand it...

Tony Maher: That's one of the risks and the other risk is of course that people buy less impulse items and so on if they've got less money in their wallets. This is one of the downsides of inflation. The upside of inflation – you get more money from existing products, there's pluses and minuses, but overall high inflation of course is not positive when wages are not keeping pace and so I am not happy to see a situation where inflation could increase. It's not in our interests or in the interests of our shoppers.

Sveta Sukhanova: Ok, thank you very much.

Operator: Thank you. Our next question today comes from Olga Margasova from Evli Bank. Please go ahead.

Olga Margasova: Hello. If I may I have two questions. The first one is actually guiding your like for like data and to look at it, it's the lowest in the sector in the first half of 2014 and the like for like traffic, it's more negative already for the third quarter. Is it something like you're worried about or maybe it's not really meaningful data?

Tony Maher: I've answered this question last time and I will give you one example – this is not the only one, like for like, there's many implications but I was in one of our stores yesterday, I was in St. Pete which was our biggest revenue store per square metre, actually too high because it was a problem for customer service and so on. We've built another hypermarket not that far away from it and the traffic in the first store is down somewhat. The traffic in the new store is obviously up 100%. If you put the two together there's an enormous increase in traffic, enormous, so obviously that impacts like for like. Overall we understood that there was going to be cannibalisation. When we made the decision I wasn't in the company when the decision was made to make that investment. Everybody understood that it will of course take business from

the existing store but it would also bring more business in – that's exactly what it's done and we're talking about significant numbers, so the store has gone from being number one to number three and still is a very, very profitable, big store. We've got a number of cases like that, we've got it in Upa, we've got it in Krasnoyarsk, we've got other stores in St. Pete all impacted. There is in some other cities there are some competitive opportunities which have also impacted like for like, so it's a mixed story but a lot of the cannibalisation is cannibalisation by ourselves which in a place like St. Pete where we've got high market share is probably inevitable on one side, but it won't stop us opening stores in St. Pete. There's still lots of suburbs in St. Pete where we're not even present actually but people do travel to our stores from other regions of St. Pete. I know a friend of mine who lives in St. Pete, there's no store in that person's area and St. Pete as you know, there's a lot of islands and lots of bridges and so on and this is a large area of maybe 300,000 or 400,000 people, so we draw people from quite a long range. If we put a store closer to home I guess my friend will shop there, so will that impact like for like? Yes. Will it overall improve our business? I believe yes too. So St. Pete is quite specific. Overall our shopper numbers are up by the big, Krasnoyarsk is up quite a bit, Upa up quite a bit. The like for like in those three cities, if you look for them just plainly they're down and that's of course given that we have very large businesses in two of those three cities, Krasnoyarsk and St. Pete in particular, of course it impacts the technical number of like for like. So it's a mixture basically Olga, that's what I'm saying.

Olga Margasova: But if this data is kind of misleading, so what is the best indicator to look at your operational performance according to your view?

Tony Maher: We look for everything from the current invested capital to profitability by store, like for like too but we try to make sure we understand like for like in its detail because in itself it's not the only number. In fact even like for like, remember like for like includes stores that are more than one year old and that's the reporting of most of our competitors like that and it's the international benchmark as well, but the truth is the second year of opening of a store which now is like for like is still only ramping up, so the more stores you have in the second year of life, the better your like for like numbers will be – the same in your third year. In roughly three or four years you're starting to get now more maturity let's call it, so like for like is a number, we look at it, every retailer does but in Russia it's not maybe quite as good a measure as other

markets mainly because of the amount of new stores openings that are relatively speaking happening in this country compared to Great Britain for example or United States.

Olga Margasova: Ok, thank you. Also one more question regarding new openings, can you provide guidance in square metres how much you plan to open this year?

Maxim Kravtsov: We have guided for around 14% goal in terms of the selling space based on the guidance of eight hypermarkets and five supermarkets. Now since we've basically confirmed this guidance we should be around 14% growth in selling square metres.

Olga Margasova: Ok, in rubles this is RUB 12 billion capex?

Maxim Kravtsov: For the year?

Tony Maher: No, you can't look at it like that because we are investing...I would say the biggest parts of the investments in this year's capex is for stores that will open in 2015, not in 2014 because you are investing long ahead of the curve and in fact we're investing this year in stores that will open in 2016, so you can't look at it like that, I'm sorry.

Maxim Kravtsov: Then part of the capex plan for this year is the discounter-project which is obviously opening next year.

Tony Maher: Same story, warehousing, so it's not like that.

Olga Margasova: Right, but regarding like next year openings, can you already provide some kind of feelings how it can look like?

Tony Maher: I think you're trying to do some model here which is including capex and it's not like that because I said in this project, we are buying land right now for some projects that will not open in 2017, so this is a very complex thing that I think our model would unless you are into the physical detail of store by store, site by site, you couldn't really model it in the way that I feel you're trying to probably do here. I said earlier that we'll probably open around 14

hypermarkets next year but then we'll be opening supermarkets, we'll be opening between 40 and 50 discounters and so on and so forth. Maybe we can have an offline call with you to go through if you're interested but it's not in here.

Olga Margasova: Alright, thanks a lot.

Operator: Thank you. Our next question comes from Natalia Smirnova from Deutsche Bank. Please go ahead.

Natalia Smirnova: Yes, hi everybody. I guess I have a question out of this 14 that you have in mind that you plan to open next year, how many will be leased and how many will be owned?

Tony Maher: I cannot give you that number off the top of my head. Maybe we can get back to you but I can't give you that number. I don't have those figures to hand.

Natalia Smirnova: Ok, I'll ask Maxim later. Also on discounted projects, sorry if I missed it, how many do you plan to open next year in 2015?

Tony Maher: Between 40 and 50 I would say.

Natalia Smirnova: Ok, thank you very much.

Operator: Thank you. Our next question comes from Vitaly Baikin from Gazprombank. Please go ahead.

Vitaly Baikin: I would like to return to the issue of price increases. You said several of your competitors increased salmon prices quite a lot since the beginning of August and there has been much talk lately about producers, distributors increasing prices. So my question would be what kind of price increase do you see for example in salmon...what are the other categories in which you saw the major price increases since the beginning of August?

Tony Maher: Vitaly, many of these prices...I just mentioned salmon because one of course fish has the shortest shelf like probably of all the fresh products that are out there, right? I just saw it yesterday in the stores of two of our competitors, they were both pretty much the same price for kilo of salmon. In the case of other items, we just have had many and we're not on our own, many of our competitors, I guess all of our competitors have had similar requests from suppliers looking for price increases and it ranges from everything from dairy to meat...fruit and veg is a little bit different because it's bought by tender practically on a daily basis, it's a different kind of story, but right across the fresh area especially of areas that are affected, cheese for sure, just remember the following: if you've got a big portion of the cheese market supply that was cut out and let's say the domestic...just take it like this, domestic cheese production tries to replace that. That puts pressure on raw milk supply coming into the winter months which raw milk supply is already in short supply. That's going to put pressure on the margins of the dairy companies buying milk and butter and cheese and everything else, because there's a fixed amount of raw milk out there, right? So that's just one example. I can't tell you what the price increase will be. We prefer it to be zero but I suspect it will be more than zero and it's too early to say. I think all retailers, already some of our competitors have already said that they're fighting the good fight to make sure that they only pass through everything that is absolutely necessary. We are all in the same boat. Nobody wants to raise prices...I'm sure maybe not even suppliers want to but prices are raised to them because their raw material costs are going up etc, this is part of reality.

Maxim Kravtsov: Then, Vitaliy, don't forget that we are talking about here about requests for price increases from our suppliers. Upon receiving a request we don't immediately increase prices. Once we receive a request, we start the negotiation process.

Vitaly Baikin: Do you have such requests, for example let's talk about salmon or those retailers you were talking about, they are just opportunistic trying to earn extra margins?

Tony Maher: They are not being opportunistic, absolutely not.

Vitaly Baikin: They have raised shelf prices but as far as O'KEY is concerned...

Tony Maher: The price to them has increased I'm sure.

Vitaly Baikin: Ok. What is the role of the federal anti-monopoly service in old history? Is there price monitoring going on? How do you...is there some action from their side?

Tony Maher: I think anti-monopoly, if people see people profiteering I'm sure they will investigate and so I don't believe anybody is foolish enough to try and do that so these are intelligent people as well. I have known them for many years. I think they're there to make sure that nobody takes unfair advantage of circumstances and so I'm sure they will continue to do their job well, but I think retailers understand that too and I hope suppliers understand it as well.

Vitaly Baikin: My question is: do you have these price monitors going on in your stores and is there some kind of...?

Tony Maher: Yes, absolutely. But that's not a new story.

Vitaly Baikin: Yes, but I thought there was some kind of...like you work together with the anti-monopoly agency in place?

Tony Maher: Absolutely. We report certain things and so on, it's normal.

Vitaly Baikin: Ok, understood.

Maxim Kravtsov: We have time for one more question.

Operator: We have two in the queue so we'll take our final question today from Sveta Sukhanova from UBS. Please go ahead.

Sveta Sukhanova: Thank you again. My question actually was a very quick follow-up from the last conference call. Is there any chance that you could disclose Q3 and Q3 margins, financial breakdown for the last year, to have it on a quarterly basis to get a better picture?

Maxim Kravtsov: Svetlana, could specify what you mean because in the press release we have disclosed the second quarter margin for 2014 and 2013 and you have the first quarter margin...

Sveta Sukhanova: No Maxim, sorry. Q3 and Q4 2013.

Maxim Kravtsov: You mean ahead of time, ahead of reporting actually the results of those quarters?

Sveta Sukhanova: Yes. We'd like to have a better picture. I had this question during the last conference call and you promised to consider if you can disclose the quarterly results for last year.

Tony Maher: For '13, no problem...Some those will not be audited but neither are the ones we have now. I think we can probably do the quarterly for '13, I think we can do that.

Sveta Sukhanova: That would be extremely helpful if you publish them or send them out or whatever, it would be extremely helpful. Thank you very much.

Maxim Kravtsov: Ok. Thank you very much everyone for participation in this call and we look forward to speaking to you in the future. Thank you, goodbye.

Operator: Ok, thank you. That will conclude today's conference call. Thank you for your participation ladies and gentlemen, you may now disconnect.