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LLC Lenta

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Credit rating components		Weight
Industry risk profile	**Medium risk**	**0%**
Operating risk profile	**aa-**	**50%**
Market position	Medium	
Business profile	Strong	
Geographic diversification	Very strong	
Corporate governance	Very strong	
Financial risk profile	**a-**	**50%**
Size	Large	
Profitability	High	
Leverage	Low	
Coverage	Medium	
Liquidity	Very strong	
Cash flow	Weak	
SCA	**a**	
Analytical adjustments	**1**	
Final SCA	**a+**	
Support	**0**	
State support	0	
Group support	0	
Foreign support	0	
Credit rating	**A+(RU)**	

Key rating assessment factors

Strong operating profile of LLC Lenta (hereinafter – the Company, or Lenta) rests on its dominant position in hypermarket segment as well as on high geographic diversification of its business. Irrespective of the high concentration on a single trade format (95% of proceeds come from hypermarkets), all proceeds come from the mass segment of the market. In addition, the Company is active in developing the supermarket format whose share in the total sales will continue to grow. One of the Company's strong competitive advantages is that it owns 82% of its selling space (data as of June 30, 2017), which allows the Company to maintain a flexible pricing policy. Lenta's audience is highly loyal: over 90% of trade turnover come from the loyalty program allowing the Company to closely monitor consumer trends.

Very strong corporate governance is underpinned by a strong management structure of the Company. Three out of nine members of the board of directors are independent; the board of directors established audit, capital expenditure, nomination, and remuneration committees. Key managers accumulated a substantial expertise in the relevant spheres of over 20 years on average. The result is a dynamic development of the retail chain. The Company plans to double the selling space by 2020, and the Agency assesses the corporate strategy as rather aggressive; however, a flexible investment program and an adequate risk management system in place mitigate the risks. The risk management function is well-regulated to minimize all key types of risk, while the treasury policy is designed to maintain an adequate liquidity, diversify funding sources and maintain enough safety cushion for bank covenants. The financial transparency of the Company is very high, and the structure of the Group is maximally simple, as LLC Lenta is a key operating asset and a property holder.

Moderate leverage; comfortable fixed charges coverage. The Agency positively assesses the financial policy of Lenta designed to maintain an adequate leverage and provides for no dividend payments. As of end-2016, the total debt to FFO before net interest payments ratio was 3.3x. Debt adjusted for operating lease to FFO before fixed charges ratio was 3.6x. In the forecast period, the Agency expects that this ratio will be 3.0–3.6x, provided that the absolute value of liabilities remains unchanged, because the cash flow of the Company is enough to finance capital expenditures. The fixed charges coverage ratio is among industry-highest (2.9x as of December 31, 2016) and is expected to remain within 2.5-3.0x in 2017-2020. The Agency notes that the lease of 14 "Nash" branded hypermarkets announced recently is neutral for the Company's creditworthiness.

Very high liquidity rests upon substantial undrawn amounts under existing facilities (RUB 54.7 billion or 50% of current liabilities as of June 15, 2017) and the prevalence of long-term loans in the portfolio. The forecasted short-term liquidity ratio is 2.5x in 2017 and 1.3x in 2018. The Agency notes a high diversification of lenders and the Company's access to local and international capital markets. Additional comfort factors are a high safety margin for covenants in loan agreements and a significant amount of unencumbered assets that can be used to attract funds in case of liquidity shortage.

High returns and large-sized business. The 2016 revenue amounted to RUB 306 billion without VAT (+ 21% against 2015), while the 1H2017 revenue was RUB 163.5 billion (+ 16.7%). The Agency notes a negative trend of customer traffic in the stores in 2016 and the first half of 2017, which, however, slowed down in May-June 2017; ACRA expects the traffic and LFL sales will stabilize in the second half of 2017. The Company's returns stay at a fairly high level, as at the end of 2016, the FFO margin before net interest payments and taxes stood at 10.7% (RUB 32.8 billion) and the FFO margin before fixed charges and taxes was 11.8% (RUB 36.2 billion). The EBITDAR per square meter of the selling area amounted to about RUB 31,000 in 2016. According to the Agency estimates, the current returns will remain unchanged over the forecast period, with a potential for decline of no more than 0.5-1.0 percentage points in 2017-2019, during the active phase of the Company's growth.

Key assumptions

- The total number of stores to grow up in line with Lenta's strategy to double its selling space by 2020, with new stores reaching target sales volumes within 24-36 months;
- LFL sales in 2017 to remain at the level of 1H2017, with further growth by 1% annually for mature stores (over 30 months);
- Annual growth of main expenses in line with the inflation forecasted by ACRA (4.0–4.5%);
- Retaining the current FFO before fixed charges and taxes margin at over 10%;
- No dividend payments.

Potential outlook or rating change factors

The **Stable outlook** assumes that the rating will most likely stay unchanged within the 12 to 18-month horizon.

A positive rating action may be prompted by:

- A growing FCF margin above 2%;
- A substantially declining leverage: adjusted debt below 1.0x for FFO before fixed charges, or fixed charges coverage ratio above 5.0x;
- Growing FFO before fixed charges and taxes over RUB 100 billion.

A negative rating action may be prompted by:

- The adjusted debt growing above 4.0x of FFO before fixed charges, coupled with a simultaneous deterioration of debt structure, or a decline in fixed charge coverage below 2.5x;
- A decline in FFO margin before fixed charges below 5%;
- A drop in LFL sales by more than 10%, with a sustained new store opening dynamics;
- A materially deteriorating access to external liquidity sources;
- Tighter sector regulation capable of affecting the Company's financials.

Brief information about the company

Lenta is the fourth largest retail chain and the largest hypermarket chain in Russia in terms of total selling space. The Company was founded in 1993 in St. Petersburg. As at June 30, 2017, the chain comprised 195 hypermarkets in 78 cities throughout Russia as well as 59 supermarkets in Moscow, St. Petersburg, Novosibirsk, and central Russia. The total selling space of the chain's stores is around 1.2 mln sq m; the Company has over 45,000 employees.

According to the long-term development strategy, Lenta plans to double its selling space by 2020 and to become the third largest grocery retailer in Russia. The key priority for the Company is to develop the supermarket segment (the hypermarket segment growth plans are more moderate).

Rating assessment factors

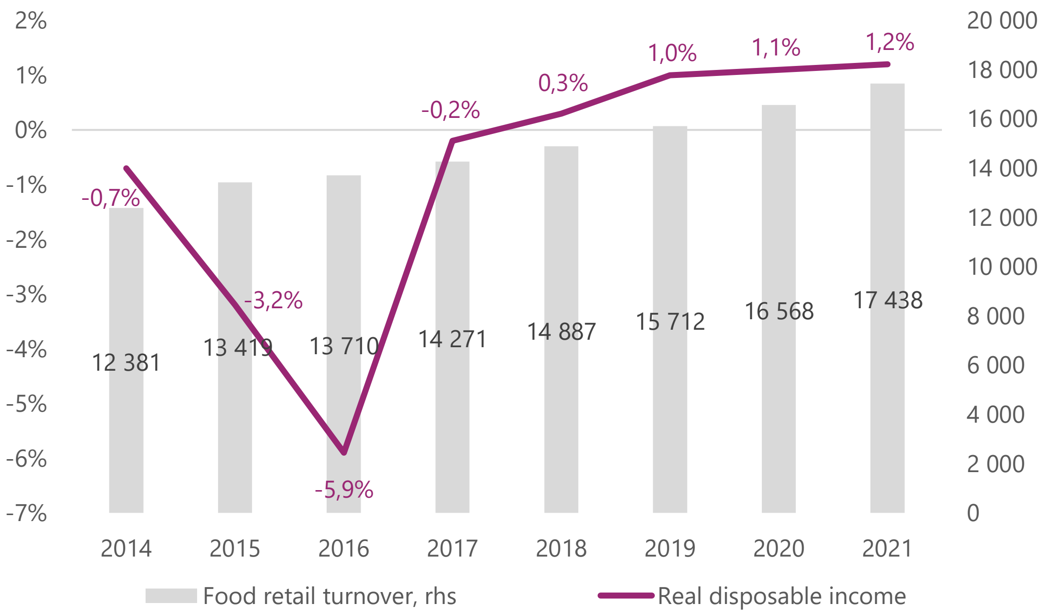
Industry risk profile

Industry risk profile is assessed as medium.

ACRA assesses the underlying sector-specific risk of retail trade as moderate. However, the sector is prone to pronounced segmentation, with cyclicality and overdue bank debt parameters varying considerably between segments. Lenta operates in the food retail segment, which ACRA believes to be much more resilient to economic cycle fluctuations. The Agency duly accounts for this in the Company's business profile analysis, in particular while assessing the subfactor defined as "product demand cyclicity".

In 2016, retail trade turnover in Russia amounted to RUB 28,317.3 bln, which in like-for-like (LFL) prices was 5.2% lower than in 2015, while the latter's result in turn fared 10.0% lower than the 2014 figure. The year 2016 saw food retail turnover post a 5.3% decline in LFL prices, reaching RUB 13,751.8 bln in current prices, while the market climbed 2%, significantly underperforming the average annual growth rate of 10% seen by the segment in 2011–2015.

Figure 1. Food retail forecast, RUB bln



Source: ACRA macroeconomic forecast 2017-2021, analytical materials provided by the Company

A slow trade turnover growth in 2016 was caused mainly by a 5.9% decline in real disposable income (in 2015, the latter shrank 3.2%), while real wages climbed 0.6% after a 9% fall in 2015. ACRA expects the sector to see its turnover tailing real disposable income growth and inflationary expectations in 2017–2021.

Decline in real disposable income had a negative effect on the Company's sales in 2016-2017. Traffic in LFL stores operating for over 12 months declined 0.1% in 2016 (average ticket was up 4.0%); and more mature stores operating for over 24 months demonstrated a near zero growth in 2015 and fell 3.7% (ticket was up 3.5%) in 2016. In the first six months of 2017, LFL traffic in stores operating for over 12 months and for over 24 months declined 2.4% (ticket +0.6%) and 6.1% (ticket -0.2%), respectively.

Like-for-like sales were calculated for stores in operation for at least 12 months

Table 1. LFL sales dynamics of LLC Lenta

	Hypermarket		Supermarket		Total		
	2015	2016	2015	2016	2015	2016	1H2017
Store count	140	191	32	49	**172**	**240**	**254**
Selling space, th sq m	848.9	1,100.0	33.5	46.3	**882.4**	**1,146.2**	**1,173.4**
Sales growth, %	28.9%	20.4%	78.8%	40.2%	**30.3%**	**21.2%**	**16.7%**
LFL sales, %	9.0%	3.9%	15.1%	5.5%	**9.1%**	**3.9%**	**-1.8%**
LFL traffic, %	3.7%	-0.2%	7.7%	1.9%	**3.9%**	**-0.1%**	**-2.4%**
LFL ticket, %	5.1%	4.1%	6.8%	3.5%	**5.0%**	**4.0%**	**0.6%**
Sales per sq m, RUB thousand	318.9	300.3	327.8	346.0	**319.2**	**302.1**	

Source: Company data, ACRA estimates

ACRA notes a slowing decline in Company's LFL sales in May-June 2017 and expects these indicators to stabilize in the second half of the year. In a base case development scenario, the Company expects LFL sales to grow in mature stores by around 1% in 2018-2019 as far as real disposable income of the population recovers.

The Agency draws attention to heightened regulatory risks for the food retail segment. Thus, recently introduced amendments in the Federal Law "On the principles of government regulation of trade activities in the Russian Federation" limit the maximum premium for retail chains: the total rebate paid by a supplier may not exceed 5%, and the maximum grace period for groceries shall be 26 days. However, very high liquidity and the ability to replace grace period by bank financing as well as the ability to compensate shortfall in revenues by additional supplier discounts mitigate the effects for the Company.

Operating risk profile

Market position and geographic diversification

Geographic diversification is assessed as very strong.

Company's geographic diversification is very strong. Lenta is a federal retail chain operating in 77 cities including all 15 cities with a million-plus population, with Moscow and St. Petersburg among them. St. Petersburg has historically been the key market for the Company generating around 24% of its total revenues; Moscow accounts for 11% of revenues, with other regions generating the rest of revenues. Further expansion strategy involves larger geographic footprint as well as strengthening positions in large cities.

Market position is assessed as medium.

Lenta is a competitive player in a fragmented Russian food retail market. The Company is the largest hypermarket chain in Russia in terms of selling space and ranks fifth among Russia's food retailers in terms of revenues. The Company accounts for 20% of the total floor space of all hypermarkets in Russia and for 77% of new hypermarket openings in 2016 (vs 35% in 2015). Lenta has a historically strong position in St. Petersburg (with a 18% market share). Its market share in the Siberian Federal District is approximately 4.6%, ranges from 1.9% to 2.6% in other federal districts, and is 1.1% in Moscow.

Business profile

Business profile is assessed as strong.

Hypermarkets are historically the main retail format for Lenta; however, the Company actively develops the supermarket format (primarily in Moscow and St. Petersburg) that accounts for approximately 5% of the total selling area and total revenues as at mid-2017. Although the Company develops primarily extensively, from time to time it acquires existing stores. For instance, Lenta closed a deal in 2016 to acquire 11 hypermarkets in St.

Petersburg from a Finnish chain Kesko; and in August 2017, the Company entered into a deal to lease 14 hypermarkets in Moscow that previously operated under "Nash" brand.

One of the key competitive advantages is that the Company owns its retail real estate almost entirely. The total selling space of the chain was 1,173,000 sq m as at June 30, 2017, 82% of which were owned by the Company. It is worth noting that the share of own retail real estate of the Company has substantially decreased as the Company develops the supermarket format using leased premises: as at mid-2017, Lenta owns 12% of supermarkets and 85% of hypermarkets. The majority of existing lease agreements are denominated in rubles and are long-term.

Lenta's business model is based on the principle "low price – low cost". The Company regularly provides discounts for the primary consumer basket (up to 5% below competitors' pricing), and sales on promotion account for up to 40% of turnover (constituting a factor significantly supporting sales amid current consumer trends). This business model is supported by not only ownership of the majority of the selling space, but also by efficient communication with suppliers and well-thought-out logistics operations.

Company's counterparty structure is well diversified. Settlements with suppliers are usually made on a deferred basis (around 30 days on average). Lenta purchases at least 70% of its goods directly from producers, which allows minimizing its trade markup. In the long term, the Company plans to reduce the share of purchases from distributors to as low as 5%. The share of imported goods in the total sales does not exceed 7% (mostly fruits and vegetables); going forward, Lenta plans to increase it to 15%. The Company also pays great attention to developing its private label and own production, the share of which stood at around 12% of the total turnover as at mid-2017.

Lenta develops its own logistics division with the current centralization rate standing at around 50% for hypermarkets and at 65% for supermarkets. The Company operates seven distribution centers (six centers for hypermarkets and one for supermarkets) located in Moscow, St. Petersburg, Ekaterinburg, Novosibirsk, Rostov-on-Don, and Tolyatti. Company's fleet comprises over 160 vehicles, and its utilization rate is around 100% for hypermarkets and up to 70% for supermarkets.

Lenta actively invests into developing its own brand: annual advertising spend is around 1% of the total turnover of goods (RUB 3.3 bln in 2016). All key promotion channels are used: TV, outdoor advertising, radio, Internet, and print advertising. Loyalty program in form of cards offering discounts for the entire product range of the Company is an important promotion channel. Loyalty program participants account for over 90% of the Company's sales turnover, and the total number of cardholders exceeds 11 mln people. The wide audience of its loyalty program allows the Company promptly monitoring consumer trends and cannibalization indicators.

Corporate governance

Corporate governance level is assessed as very strong.

The management structure allows to largely minimize any conflicts of interest: Lenta's board of directors comprises nine members including three independent directors, four directors nominated by shareholders as well as Company's CEO and CFO. Lenta's top management has significant experience: all key directors and business line managers work for the Company for over five years and have over 20 years of industry experience on average. The board of directors has the following committees: audit, nomination, remuneration, and investment committees.

Risk management at the Company is formalized and minimizes the key risk types. According to the financial policy as approved by the board of directors, 100% of raised financing shall be ruble-denominated, while at least 70% of it shall be raised at fixed rates or be hedged. In order to preserve adequate liquidity level, the financial policy dictates maintaining available credit limits for the next 12 months in the amount of at least equal to Lenta's capital expenditures and repayable debt less planned operational cash flow as well as diversified financing sources.

Internal limits with respect to financial covenants are tighter than those set by banks. The Company bears no substantial FX risks from import operations (imported goods account for approximately 7% in the total sales).

The strategic plan annually approved by the board of directors, current year budget and five-year financial development model are the principle documents that formalize Company's strategy. The investment committee holds its meetings on a regular basis, approves specific projects and follows up on their implementation.

According to the effective long-term strategy, Lenta plans to double its selling space by 2020 and to become a top 3 food retailer in Russia. Developing the supermarket segment will be the key priority with its share in the Company's revenues expected to grow. The hypermarket chain is assumed to be developed less aggressively; at the same time, the Company plans refocusing on the segment of more space-effective hypermarkets (with the floor space of up to 5,000 sq m). The Agency assesses the adopted development strategy as rather aggressive. At the same time, Lenta's financial policy sets forth a slowing growth when approaching the limits of the leverage range, and the investment program is quite flexible. In addition, the Agency notes consistency and success seen in the past when implementing Company's strategy. Thus, after IPO in 2014, Lenta's management set a goal to double selling space in the next three years, which was accomplished by mid-2016 while maintaining an adequate level of leverage.

Group's structure can be described as simple and transparent. LLC Lenta is the key operating asset generating all retail revenues of the group; it owns real estate property and production facilities and is the employer of all Company's personnel. When analyzing consolidated IFRS statements, no material transactions with related parties outside of the group have been identified.

Financial transparency of Lenta is very high. The Company publishes its consolidated IFRS reporting twice a year; the financial statements are audited by EY. On a quarterly basis, the Company publishes operational highlights and databooks; on an annual basis, in-depth annual reports are published highlighting Lenta's activities. The Company regularly holds conference calls for analysts and investors.

Financial risk profile

Basic assumptions used in forecasting financial indicators and principles of their accounting in the rating model

To assess Lenta's future financial performance, ACRA has built its cash flow model for 2017-2019 basing assumptions on both the Company's specific indicators (in particular, dynamics of store openings and investment program) and the Agency's own projections of LFL sales and cost structure changes.

Inflation forecast was sourced from Russia 2021 economic outlook update published by ACRA (please see "Russian Economy: Recession Knocked Out. What Next?" of March 28, 2017).

ACRA projected revenues based on the Company's own forecasts of new store openings. To project revenues in new stores, historic revenue figures per sq m of selling space for each format were used multiplied by LFL sales growth rate as expected by the Agency. To account for the startup effect, the Agency applied to all new stores the averaged planned turnover multiples. Cost of sales forecasts were premised upon Company's typical retail markups. Rental and personnel expenses (the largest items in administrative and selling expenses) were projected based on the selling space taking into account annual inflation rates. Other constituents of administrative and selling expenses were projected as a fixed amount of revenues based on historical values.

To correctly account for actual and projected data in the rating model, financial indicators were averaged by means of weighting. The greatest weight of 30% was applied to 2016 and 2017 indicators, those for 2015 and 2018 were assigned a weight of 15%, while the 2014 and 2019 figures assumed 5% of weight each. Liquidity ratios were derived exclusively from forward-looking indicators for 2017, 2018 and 2019, with weights of 60%, 30% and 10% respectively.

Size and profitability

Company size is assessed as large.

The Company is characterized by a large business size and its sales demonstrate a solid growth. Lenta's revenues amounted to RUB 252.8 bln in 2015 (up 30.3% versus 2014) and ran into RUB 306.4 bln in 2016 (up 21.2% versus 2015). The key factor for revenue growth was substantial expansion of the chain: Lenta opened 32 new hypermarkets and 8 new supermarkets in 2015, and 51 new hypermarkets and 18 new supermarkets in 2016. Provided that the Company performs as planned with respect to opening new stores as well as that LFL sales stabilize, the Agency expects the annual average revenue growth of up to 20% in 2017-2019.

Profitability is assessed as strong.

Lenta historically demonstrates fairly high profit margins, which is primarily driven by very low share of leased selling space. Thus, FFO margin before net interest payments and taxes in 2015 and 2016 ran into 11.3% (RUB 28.5 bln) and 10.7% (RUB 32.8 bln), and FFO margin before fixed charges and taxes equaled 12.3% (RUB 31.1 bln) and 11.8% (RUB 36.2 bln), respectively. Although a further rapid expansion of the chain is planned, the Agency expects the Company's margins in the forecast period to decline by maximum 0.5-1.0 bps including owing to measures taken to manage cost of sales.

Sales efficiency in relation to selling space is also relatively high. EBITDAR per square meter of selling space amounted to RUB 35,000 in 2015 and RUB 30,500 in 2016, which is a fairly high level for the industry.

Cash flows

Historically and throughout the forecast period, Lenta consistently shows its ability to generate significant operating cash flow which stood at RUB 15.9 bln and RUB 19.7 bln in 2015 and 2016 respectively, and ACRA expects the annual operating cash flow to be at 5%–7% of revenues in the forecasted period.

Free cash flow is assessed as weak.

Although the Company has been continuously capable of generating operating cash flow, free cash flow (FCF) is negative throughout the entire forecast period, which is primarily due to substantial investments into chain expansion. Thus, in ACRA's opinion, investment expenditures in 2017–2019 will equal 7%–8% of revenues annually. At the same time, ACRA notes that the total free cash flow deficit in the forecast period will not exceed RUB 18 bln and, to a greater extent, is covered by the accumulated cash provided that Company's debt stays at the current level.

Leverage and coverage

Leverage is assessed as medium.

Owing to high share of owned selling space as well as conservative financial policy, Lenta historically has moderate leverage despite rapid chain expansion. As of December 31, 2016, total debt to FFO before net interest payments ratio was 3.3x and debt adjusted for operating lease (multiple 7) to FFO before fixed charges ratio was 3.6x. The Agency expects a slight decrease of leverage indicators down to 2.4x for the total debt and to 3.1x for adjusted debt; at the same time, the decrease may be more significant if chain expansion slows down.

As at June 15, 2017, Lenta's debt portfolio amounted to RUB 109.6 bln; the largest Russian banks are the key creditors; the outstanding debt from six bond issues stands at RUB 22 bln. The Agency notes a substantial amount of undisbursed lines of credit of approximately RUB 54.7 bln as of June 15, 2017, or 50% of the current debt; and the total amount of pre-approved credit limits with banks is around RUB 200 bln.

The Agency notes very high qualitative assessment of the Company's leverage: all loans are ruble-denominated, 76% of the debt portfolio is at fixed interest rates with the part of the floating rate borrowings covered by derivative contracts. Portfolio repayment schedule is fairly comfortable: the bulk of the debt is long-term with less than 35% of the portfolio to be repaid in 2017-2018 (bond tender offers representing half of the repayment amount). No off-balance sheet obligations outside the group perimeter have been identified in the course of analysis.

The Agency notes positive trends in the effective interest rate on the Company's borrowings (it has dropped below 10% in the 3Q2017) and expects its further improvement as far as the key rate decreases. Debt servicing indicators are relatively high as compared to the industry-average figures: FFO before fixed charges and taxes to fixed charges ratio is 2.9x as at December 31, 2016; it is expected to be 2.5x-3.0x in 2017-2020; interest payment coverage ratio is 3.6x as at December 31, 2016 and is expected to equal 3.2x-4.0x in the forecast period.

Coverage is assessed as high.

Liquidity

Owing to substantial undrawn balances under existing credit limits (RUB 54.7 bln as at June 15, 2017) as well as the prevailing share of long-term borrowings in the debt portfolio, the projected short-term liquidity ratio stands very high: at 2.5x in 2017 and 1.3x in 2018. It is worth noting that, for the purposes of a conservative assessment, the Agency based its projections only on authorized lines of credit disregarding their potential future increase or extension.

Liquidity is assessed as very strong.

Qualitative liquidity assessment is also very high. In addition to a very comfortable debt repayment schedule, the Agency notes high creditor diversification of the Company as well as its access to capital markets, including global markets. Strong safety cushion for covenants in loan agreements (1.0x-1.5x for net debt/EBITDA) and a substantial amount of unencumbered assets that the Company may use to raise financing if its liquidity declines represent additional comfort factors.

Analytical adjustments

Financial policy

The Agency assesses Lenta's financial policy as reasonably conservative. The Company never paid dividends in its history and has no plans to do so in the forecast period. ACRA notes that covenants set forth in loan agreements limiting potential dividend payouts subject to Company's leverage represent an additional comfort factor for Lenta's creditors.

Support

Group support

According to the ACRA methodology, Lenta is not part of an identifiable group, while the Agency possesses no information about its shareholders' other businesses that may adversely affect company's creditworthiness.

State support

The Company is not regarded as an entity influenced by the state, according to the ACRA methodology.

Issue ratings

No outstanding issues have been rated.

Rating history

August 1, 2017 – A+(RU), outlook Stable.

Regulatory disclosure

The credit rating has been assigned under the national scale for the Russian Federation and is based on the Methodology for Credit Ratings Assignment to Non-Financial Corporations Under the National Scale for the Russian Federation, and the Key Concepts Used by the Analytical Credit Rating Agency Within the Scope of Its Rating Activities.

A credit rating has been assigned to LLC Lenta for the first time. The credit rating and its outlook are expected to be revised within one year following the rating action (August 1, 2017).

The assigned credit rating is based on the data provided by LLC Lenta, information from publicly available sources, as well as ACRA's own databases. The credit rating is solicited, and LLC Lenta participated in its assignment.

No material discrepancies between the provided data and the data officially disclosed by LLC Lenta in its financial statements have been discovered.

ACRA provided no additional services to LLC Lenta. No conflicts of interest were discovered in the course of credit rating assignment.

Appendix

Table 1. Actual and projected Company financials

	Actual			Forecast		
	2014	2015	2016	2017	2018	2019
Sales and margins, RUB mln						
Revenues	193,988	252,763	306,352			
Change			*57.9%*			
Gross income	43,736	56,305	67,768			
Margin	*22.5%*	*22.3%*	*22,1%*	*22.6%*	*22.6%*	*22.6%*
FFO before fixed charges and taxes	23,325	31,130	36,207			
Margin	*12.0%*	*12.3%*	*11.8%*	*10.9%*	*11.1%*	*10.8%*
FFO before net interest payments and taxes	21,915	28,458	32,771			
Margin	*11.3%*	*11.3%*	*10.7%*	*9.7%*	*9.8%*	*9.3%*
Net income	9,181	9,402	11,895			
Margin	*4.7%*	*3.7%*	*3.9%*	*3.4%*	*4.0%*	*3.7%*
Balance sheet, RUB mln						
Non-current assets	90,894	115,037	161,571			
Net working capital	-13,178	-9,797	-6,370			
Adjusted cash	12,001	22,345	12,899			
Capital	16,687	42,707	54,638			
Gross debt	71,279	80,376	105,843			
Adjusted gross debt	81,145	99,081	129,892			
Cash flow, RUB mln						
FFO	14,380	18,300	24,365			
CFO	15,973	15,925	19,695			
Capex + IA	-35,115	-31,489	-43,409			
Dividends paid	0	0	0			
FCF	-19,143	-15,564	-23,714			
Margin	*-9.9%*	*-6.2%*	*-7.7%*	*-1.9%*	*-1.0%*	*-1.0%*
Utilization of open credit line limits						
NFCF	5,809	10,344	-9,446			
Leverage and liquidity						
Gross debt / FFO before net interest payments	3.4	2.9	3.3	3.2	2.6	2.4
Adjusted gross debt / FFO before fixed charges	3.6	3.3	3.6	3.6	3.2	3.1
FFO before net interest payments / Interest payments	3.1	2.8	3.6	3.2	4.1	4.0
FFO before fixed charges / Fixed charges	2.8	2.4	2.9	2.5	2.9	2.7
Short-term liquidity ratio				2.5	1.3	0.0

Source: Company's IFRS consolidated statements, ACRA estimates

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