


(In thousands of Russian rubles)

	<b>Notes</b>	<b>2018</b>	<b>2017</b> <b>(Note 3 )</b>
<b>Cash flows from operating activities</b>			
<b>Profit before income tax</b>		<b>43,071,995</b>	<b>45,423,770</b>
<i>Adjustments for:</i>			
Depreciation	<u>7</u>	35,521,322	32,947,360
Amortization including land lease rights	<u>24</u>	996,116	768,342
Loss from disposal of property, plant and equipment		549,026	464,016
Loss from disposal of intangible assets		27,278	-
Loss from disposal of land lease rights	<u>8</u>	25,789	24,697
Gain from disposal of investment property		(1,180)	-
(Reversal) of expected credit losses / accrual of bad debt provision	<u>24</u>	(97,118)	129,225
Foreign exchange loss/(gain)		1,415,310	(133,680)
Finance costs	<u>25</u>	9,136,262	12,978,882

Investment income		(210,316)	(340,714)
<b>Operating cash flows before working capital changes</b>		<b>90,434,484</b>	<b>92,261,898</b>
Increase in trade and other receivables		(1,213,236)	(684,289)
(increase)/decrease in advances paid		(663,651)	217,829
Increase in advances received		511,328	375,292
Decrease/(increase) in taxes receivable		1,145,281	(150,461)
Decrease/(increase) in prepaid expenses		118,695	(181,674)
Increase in inventories		(23,424,016)	(27,260,045)
Increase in trade and other payables		10,247,625	15,353,763
Increase in accrued expenses		511,124	926,667
Decrease in taxes payable		(1,827,166)	(2,527,243)
Increase in contract liabilities		1,131,356	189,020
Increase in government grants	<u>20</u>	1,858,968	355,296
<b>Cash generated from</b>		<b>78,830,792</b>	<b>78,876,053</b>

## operations

Income tax paid		(4,433,235)	(4,876,235)
Interest paid		(9,860,959)	(13,334,900)
Interest received		200,720	343,376
<b>Net cash from operating activities</b>		<b>64,737,318</b>	<b>61,008,294</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(51,603,538)	(73,528,262)
Purchase of intangible assets	<u>9</u>	(2,154,557)	(1,560,744)
Purchase of land lease rights	<u>8</u>	(847)	(63,023)
Cash received from business combination	<u>6</u>	187,758	-
Proceeds from sale of property, plant and equipment		1,079,628	459,417
Proceeds from sale of investment property		601,180	-
Loans provided		(1,507,414)	(1,855,287)
Loans repaid		166,756	1,552,549
Proceeds from government grants	<u>20</u>	22,742	800,695

<b>Net cash used in investing activities</b>		<b>(53,208,292)</b>	<b>(74,194,655)</b>
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<b>Cash flows from financing activities</b>			
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Proceeds from loans and borrowings	<u>30</u>	600,693,859	688,243,578
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Repayment of loans and borrowings	<u>30</u>	(572,272,534)	(689,033,285)
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Dividends paid	<u>30</u>	(13,808,982)	(29,233,198)
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Repayment of obligations under finance leases		(3,345)	(1,250)
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Proceeds from additional issue of shares	<u>14</u>	–	44,988,662
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Purchase of treasury shares	<u>14</u>	(17,727,687)	–
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<b>Net cash (used in) / generated from financing activities</b>		<b>(3,118,689)</b>	<b>14,964,507</b>
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<b>Net increase in cash and cash equivalents</b>		<b>8,410,337</b>	<b>1,778,146</b>
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Cash and cash equivalents at the beginning of the year	<u>13</u>	18,337,417	16,559,271
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<b>Cash and cash equivalents at the end of the year</b>	<u>13</u>	<b>26,747,754</b>	<b>18,337,417</b>

Chief Executive PJSC “Magnit” Naumova O.V.

14 March 2019

The accompanying notes on pages 12-67 are an integral part of these consolidated financial statements