

# 4Q AND FY 2017 OPERATING RESULTS

17 JANUARY 2018



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# 4Q OPERATING RESULTS SUMMARY

## NEW CONTRACT SALES

+22%



16,676

MLN RUB

In 4Q 2017, new contract sales reached RUB 16,676 mln and 162,109 sqm, up by 22% and 5% y-o-y, respectively

## CASH COLLECTIONS

+32%



14,717

MLN RUB

Cash collections rose by 32% in 4Q 2017 y-o-y and by 16% for FY 2017, supported by an average down-payment of 82% for the second consecutive quarter

## MORTGAGE SALES

+89%



1,303

CONTRACTS

The number of mortgage contracts has almost doubled since the beginning of 2017 and the share of mortgage sales reached 41%

## AVERAGE DOWN-PAYMENT

82%

In 4Q 2017, the average down-payment was 82%, unchanged from the high level of the previous quarter



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# OPERATING RESULTS

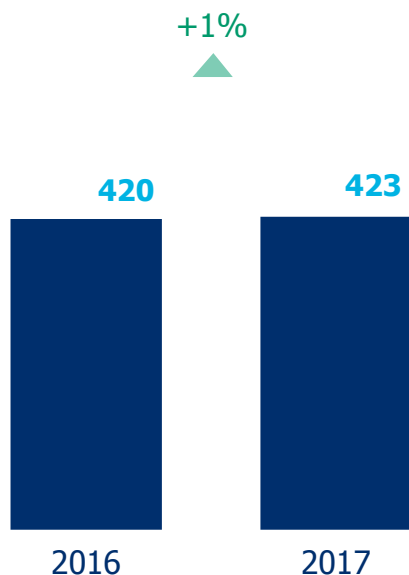


# FY 2017 OPERATING RESULTS

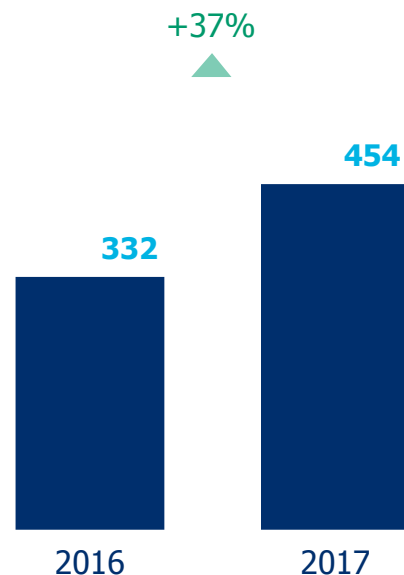


DELIVERIES ARE PRECISELY IN LINE WITH THE GUIDANCE FOR 2017

DELIVERIES  
ths sqm



TRANSFERS  
ths sqm



2017 DELIVERIES BREAKDOWN  
ths sqm

PROJECT	NSA, ths sqm
Landyshi	92
Emerald Hills	88
Moscow Gates	78
Golden Star	77
Etalon City	63
Samotsvety	25
<b>TOTAL</b>	<b>423</b>

Source:  
Company data

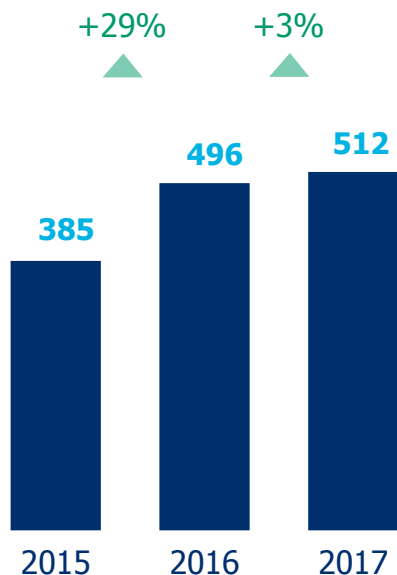


# FY 2017 OPERATING RESULTS

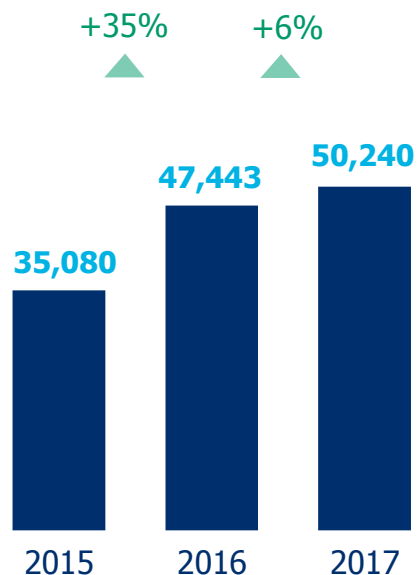


2017 OPERATING RESULTS BEAT THE RECORDS SET IN 2016

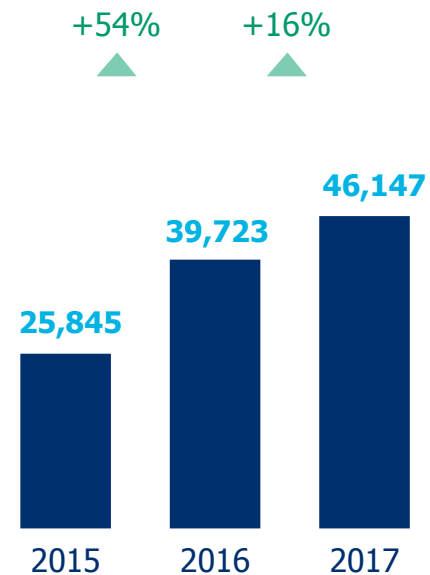
NEW CONTRACT SALES  
ths sqm



NEW CONTRACT SALES  
mln RUB



CASH COLLECTIONS  
mln RUB



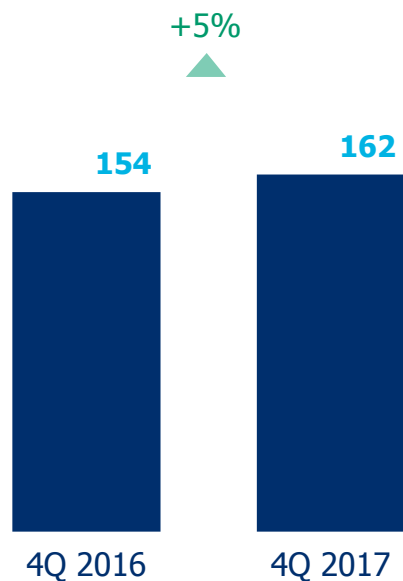
> The overall number of contracts reached 9,916 in FY 2017, up 3% compared to FY 2016

# 4Q 2017 OPERATING RESULTS

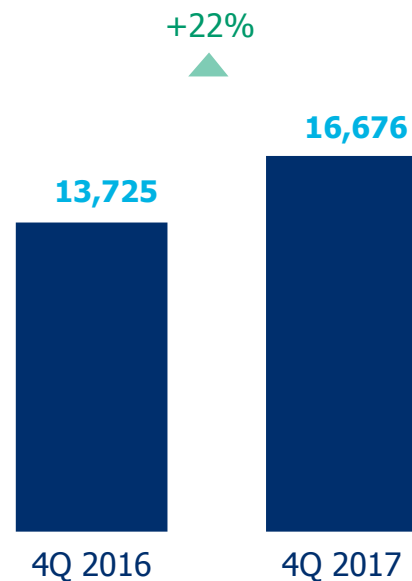


NEW CONTRACT SALES RAMPED UP TO RUB 16.7 BLN, +22% Y-O-Y

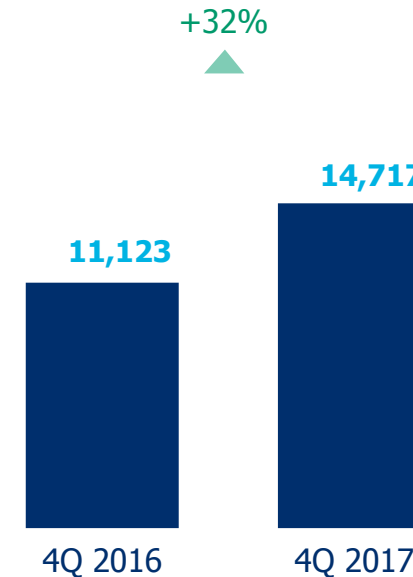
NEW CONTRACT SALES  
ths sqm



NEW CONTRACT SALES  
mln RUB



CASH COLLECTIONS  
mln RUB



> In 4Q 2017, the overall number of contracts increased by 6% year-on-year to 3,182

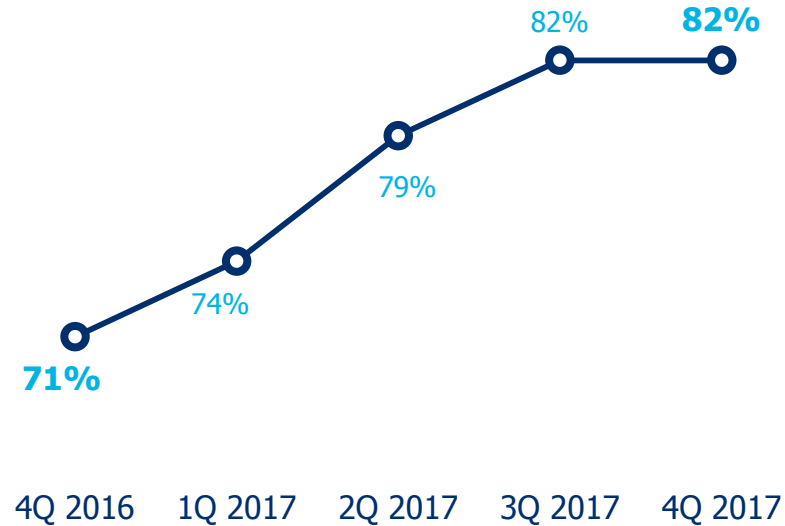


# 4Q 2017 OPERATING RESULTS

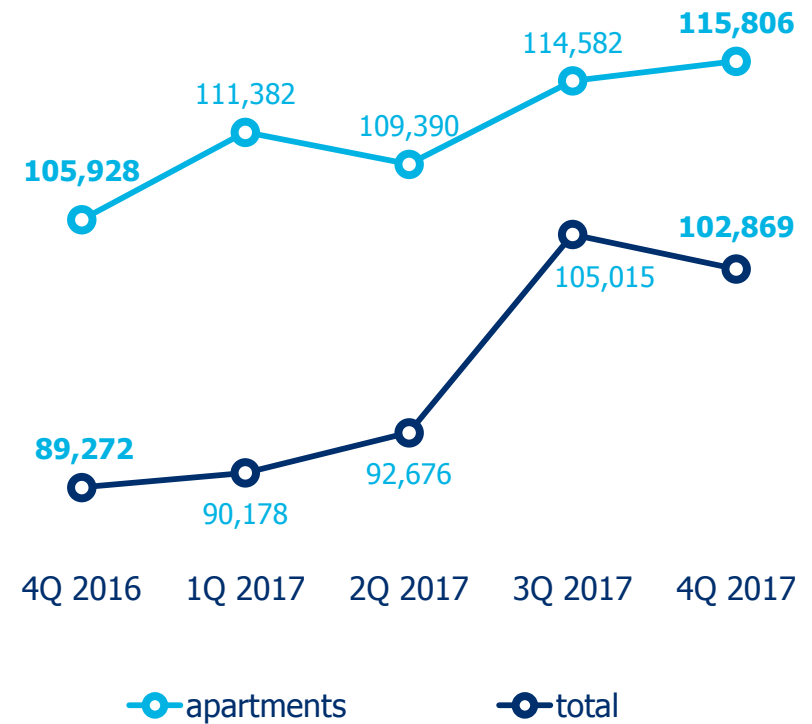


HIGH AVERAGE DOWN-PAYMENT IN 4Q 2017 SUPPORTED HEALTHY GROWTH IN CASH COLLECTIONS

### AVERAGE DOWN-PAYMENT %



### AVERAGE PRICE RUB/sqm



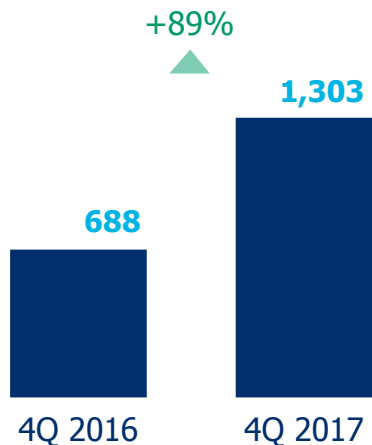
Source: Company data

# MORTGAGE SALES



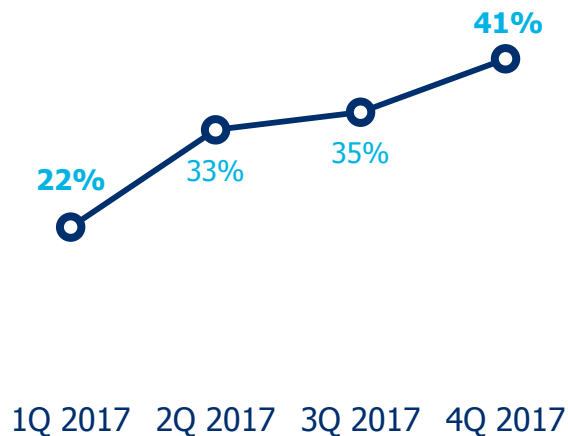
CONTINUING REDUCTION IN AVERAGE MORTGAGE RATES IS DRIVING UP THE SHARE OF MORTGAGE SALES

NUMBER OF MORTGAGE CONTRACTS SIGNED



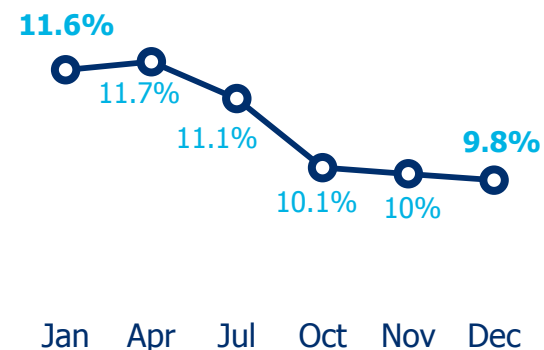
- > Etalon Group offers various mortgage programmes through major banks, including Sberbank, VTB Group, Gazprombank, Raiffeisenbank and Absolut Bank

SHARE OF MORTGAGE SALES 2017 YTD



- > Joint programmes established with 25 banks and special mortgage agencies to offer flexible financing options:
  - > minimum down payment: 10 – 20%
  - > maturity: 1 – 30 years
  - > interest rate: from 7.5%

AVERAGE MORTGAGE RATE IN RUSSIA<sup>(1)</sup> 2017 YTD



Source: Company data

<sup>(1)</sup> Weighted average interest rate on mortgage loans given to Russia residents during the month for acquisition of apartments on the primary market, based on CBR data

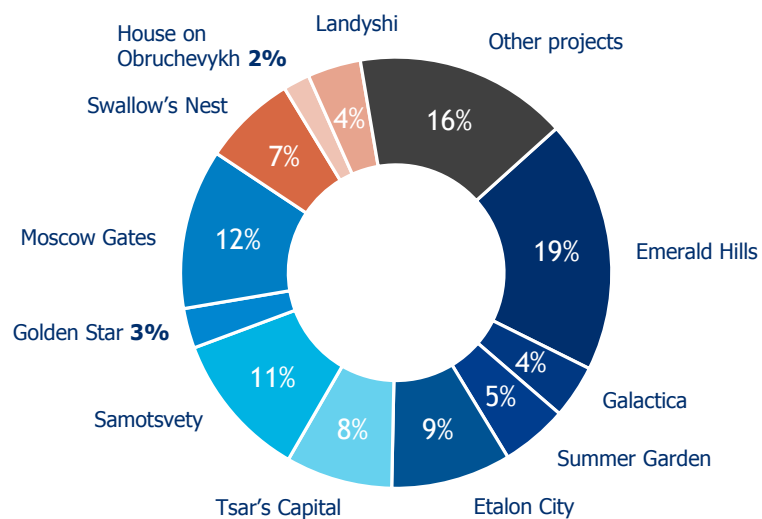


# SALES PORTFOLIO

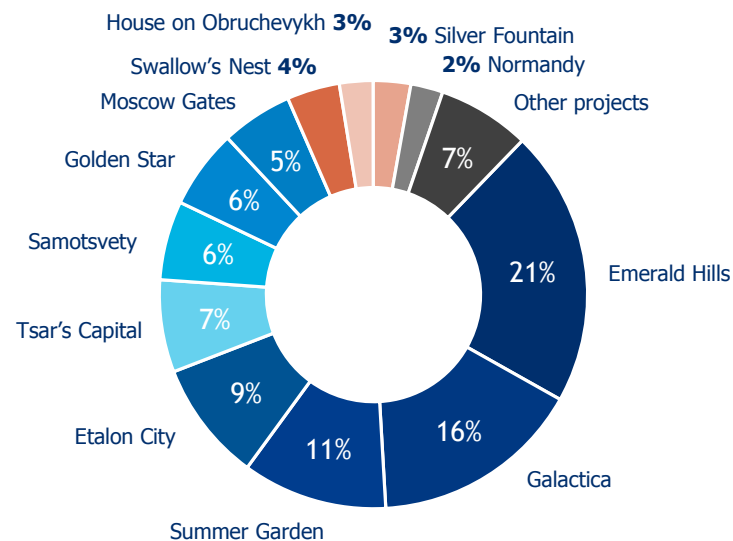


GROWING SHARE OF HIGH-END PROJECTS CONTRIBUTED TO DIVERSIFICATION OF ETALON'S SALES PORTFOLIO AND SUPPORTED NEW SALES

4Q 2016 NEW CONTRACT SALES BY PROJECT  
sqm



4Q 2017 NEW CONTRACT SALES BY PROJECT  
sqm



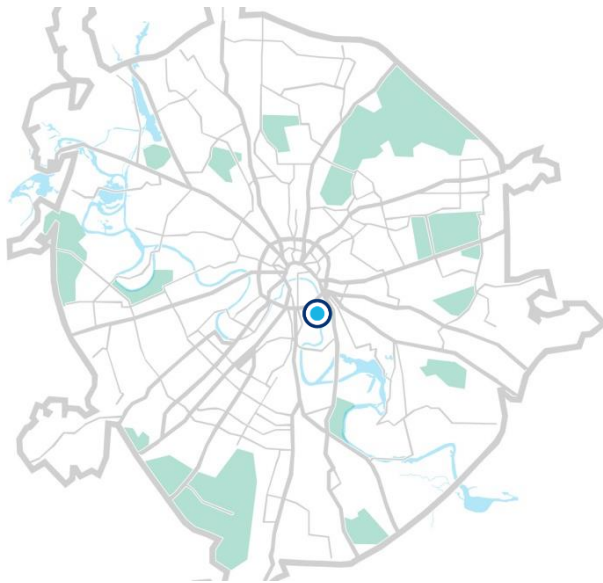
- > Share of projects in prime locations increased to 65% in 4Q 2017 compared to 43% in 4Q 2016
- > With 482 contracts for apartments signed in 4Q 2017, the Galactica project accounted for 16% of total contracted NSA in the last quarter of 2017
- > 38% of sales arose from regional sales network

Source:  
Company data

# NEW PROJECT ACQUIRED IN MOSCOW IN 2017

## PROJECT ON LETNIKOVSKAYA STREET

Central administrative district of Moscow



The project is situated in the city centre on Letnikovskaya Street. This is a well-established and prestigious neighbourhood, with modern residential and entertainment infrastructure, as well as cultural sites, all located nearby. The area also benefits from its close proximity to a business district that is home to the headquarters of several financial institutions and international companies. The project will have excellent transport accessibility: Red Square is just a 10-minute drive from the project, and Paveletskiy railway station is located at the northern end of Letnikovskaya street.



Krutitskaya and Derbenevskaya emb.



Paveletskiy railway station



Business centre Paveletskaya Tower

Total NSA  
**75** ths sqm<sup>(1)</sup>

Planned launch  
**2018**

Income from sales  
RUB **15.8** bln<sup>(1)</sup>

Source:  
Company data

<sup>(1)</sup> Based on management estimates

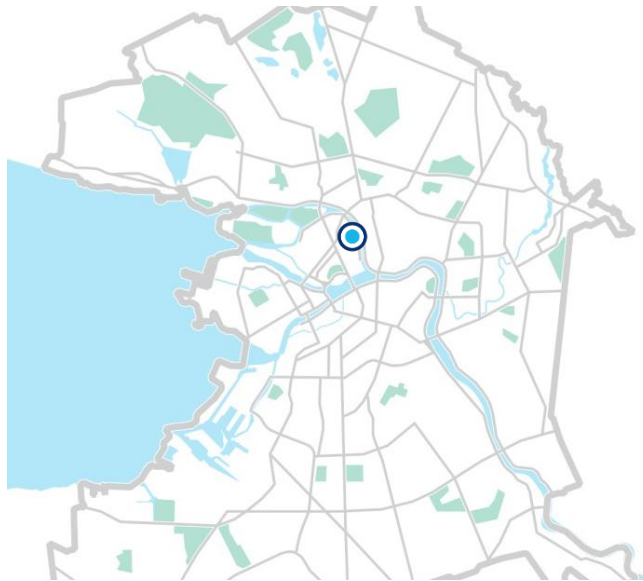


# NEW PROJECT ACQUIRED IN ST PETERSBURG IN 2017

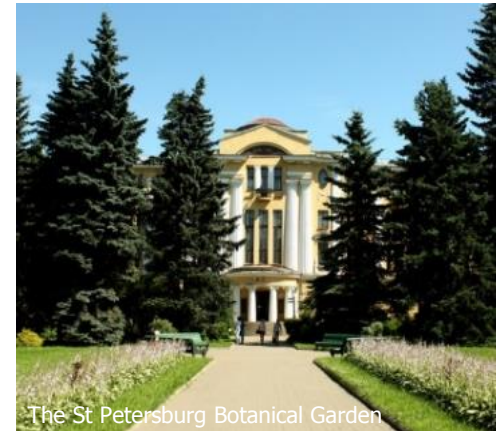


## BOTANICA

### Petrogradskiy district of St Petersburg



This new business-class project is situated on Aptekarskiy prospekt in the prestigious Petrogradskiy district of St Petersburg. This is a well-established central neighbourhood, with extensive residential, business and entertainment infrastructure, as well as cultural sites, all located nearby. The project is in close proximity to the picturesque Aptekarskaya embankment, the St Petersburg Botanical Garden and a number of historic venues. The project will have excellent transport access to major transport routes, including Bolshoy prospekt and Aptekarskaya and Vyborgskaya embankments.



The St Petersburg Botanical Garden



Aptekarskaya embankment



A-class business centre Lukoil City

Total NSA  
**47** ths sqm<sup>(1)</sup>

Launched  
**October 2017**

Income from sales  
**RUB 6.2** bln<sup>(1)</sup>

Source:  
Company data

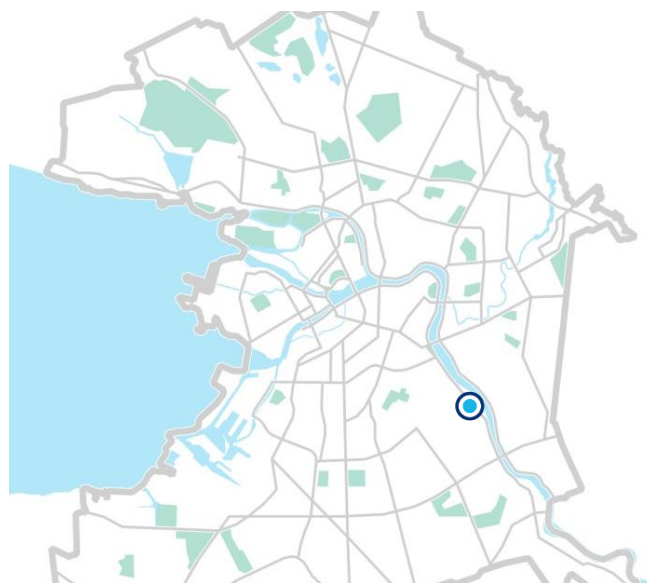
<sup>(1)</sup>Based on management estimates

# NEW PROJECT ACQUIRED IN ST PETERSBURG IN 2017



## PROJECT ON OBUKHOVSKOY OBORONY PROSPEKT

### Nevskiy district of St Petersburg



The hallmark of this new project is its direct access to the Neva River, which will give residents a view of the water from their apartment windows. Two parks are also situated nearby. The site is located in a district with well-developed residential and transport infrastructure. It is just a five-minute walk from the Elizarovskaya metro station, while the historical centre can be reached in 15 minutes by car. Proximity to the Alexandr Nevsky, Voldarsky and Vantoviy bridges, as well as to Obvodny canal, provides easy access to major transport routes.



Established green neighbourhood



Vantoviy bridge



Fountain park

Total NSA  
**76** ths sqm<sup>(1)</sup>

Planned launch  
**2018**

Income from sales  
RUB **8.1** bln<sup>(1)</sup>

Source:  
Company data

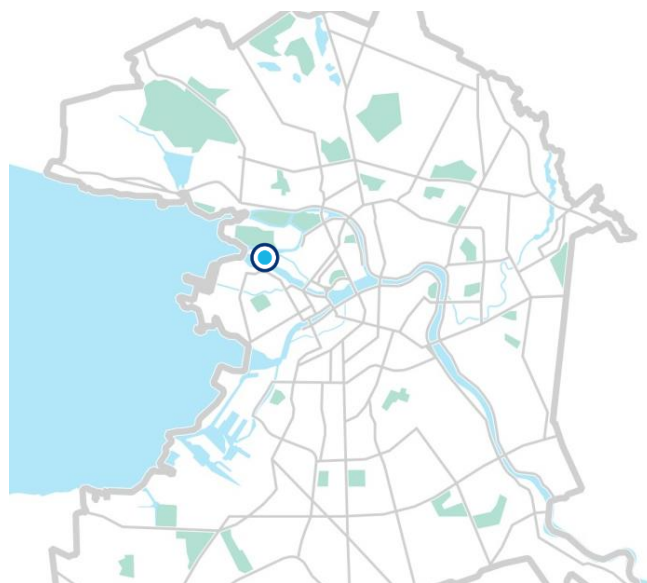
<sup>(1)</sup>Based on management estimates

# NEW PROJECT ACQUIRED IN ST PETERSBURG IN 2017

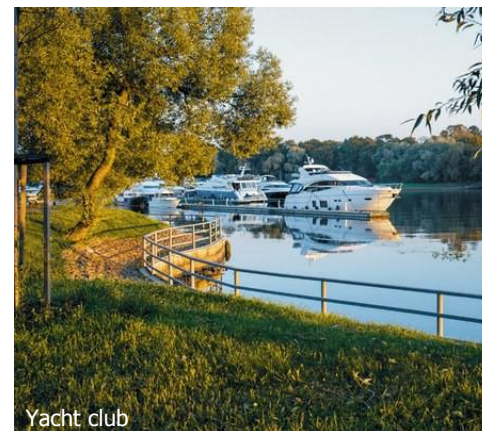


## PROJECT ON PETROVSKIY ISLAND

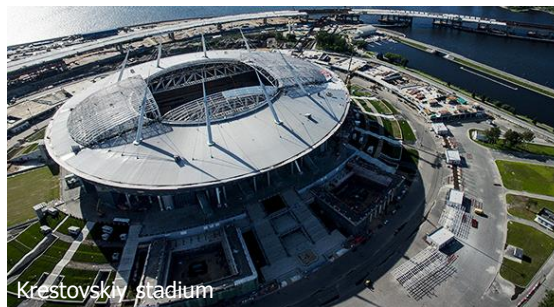
Petrogradskiy district of St Petersburg



The project will be built in one of the most prestigious locations in St Petersburg. It benefits from direct access to a long embankment and close proximity to parks, which will provide for excellent views of the Neva river and green areas. Various recreation areas, including a yacht club, upscale restaurants, Petrovskiy Park and parks on Krestovskiy Island, as well as stadiums and sports facilities, are located nearby. Krestovskiy island is just 10-minute walk from the complex and the city center can be reached by car in 15 minutes.



Yacht club



Krestovskiy stadium



Krestovskiy park

Total NSA  
**77** ths sqm<sup>(1)</sup>

Planned launch  
**2018**

Income from sales  
RUB **11** bln<sup>(1)</sup>

Source:  
Company data

<sup>(1)</sup>Based on management estimates

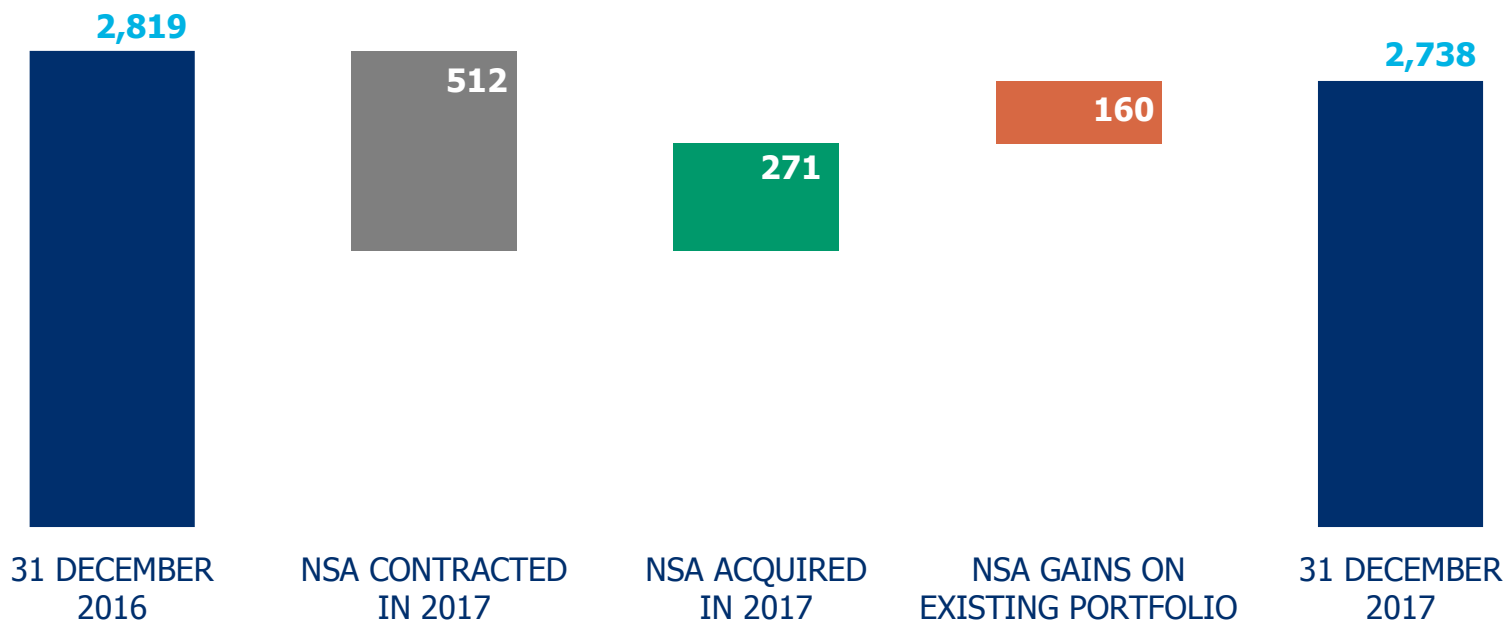


# LAND BANK DEVELOPMENTS



WITH NEW ACQUISITIONS AND GAINS ON EXISTING PROJECTS, ETALON'S LAND BANK REMAINS SUFFICIENT FOR EXECUTION OF THE GROUP'S STRATEGY

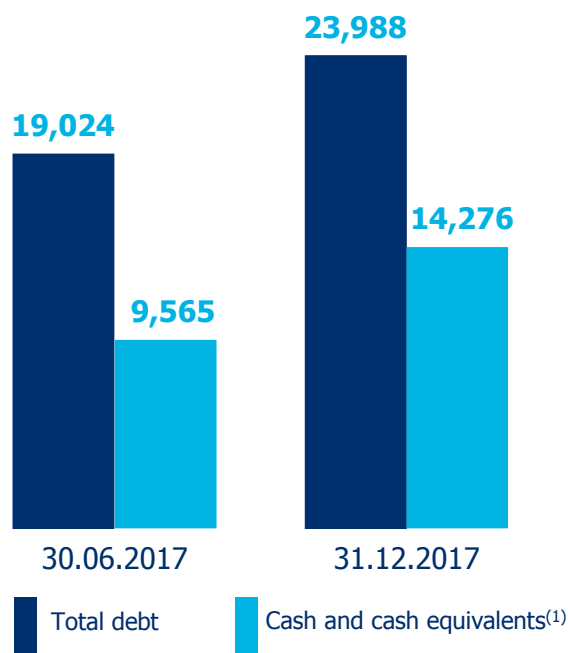
UNSOLD NSA  
ths sqm



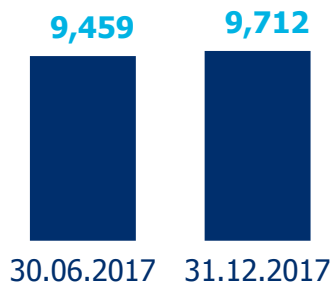
Source:  
Company data

# MAINTAINING STRONG BALANCE SHEET

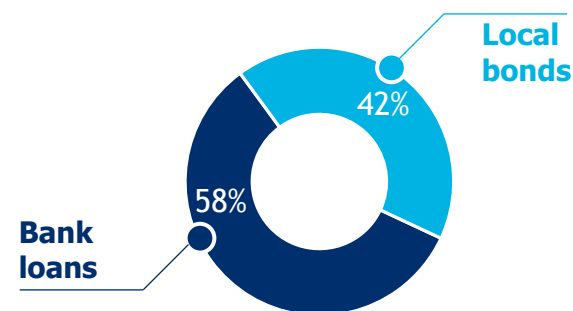
## STRONG LIQUIDITY POSITION mln RUB



## NET DEBT mln RUB



## BALANCED GROSS DEBT COMPOSITION<sup>(2)</sup>



- > 100% of debt denominated in RUB
- > Average cost of borrowings declined from 12.71% at the end of 2016 to 10.29% at the end of FY 2017
- > In September, Etalon Group subsidiary Etalon LenSpetsSMU placed bonds in the amount of RUB 5 bln with a five-year term and a coupon rate of 8.95%, which is the lowest ever in Etalon Group's history of public borrowings. Demand exceeded the offering amount by 4.8 times

Source:  
Company data

<sup>(1)</sup>Including bank deposits in ST Investments

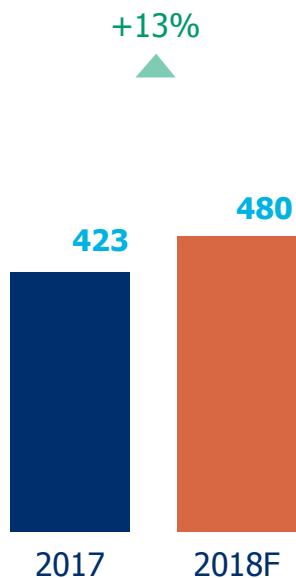
<sup>(2)</sup>As of 31.12.2017

# GUIDANCE FOR 2018

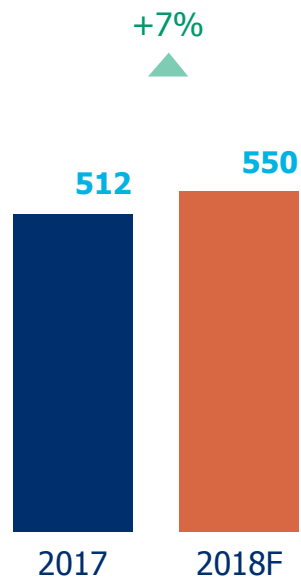


SOLID GROWTH EXPECTED ACROSS KEY OPERATING METRICS IN 2018

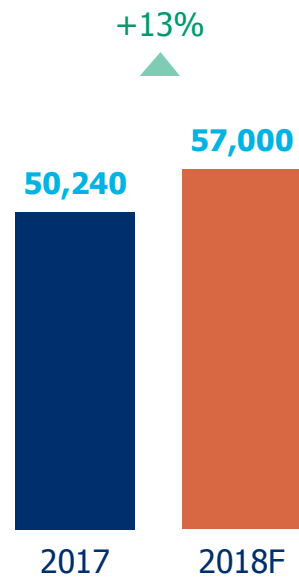
DELIVERIES  
ths sqm



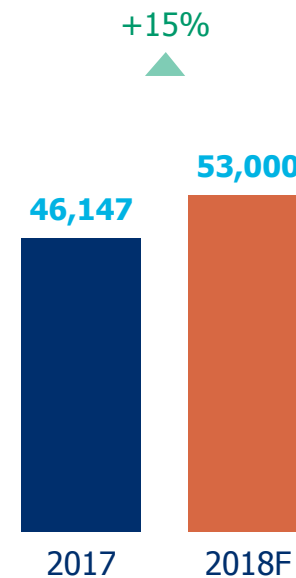
NEW CONTRACT SALES  
ths sqm



NEW CONTRACT SALES  
mln RUB



CASH COLLECTIONS  
mln RUB



Source:  
Company data

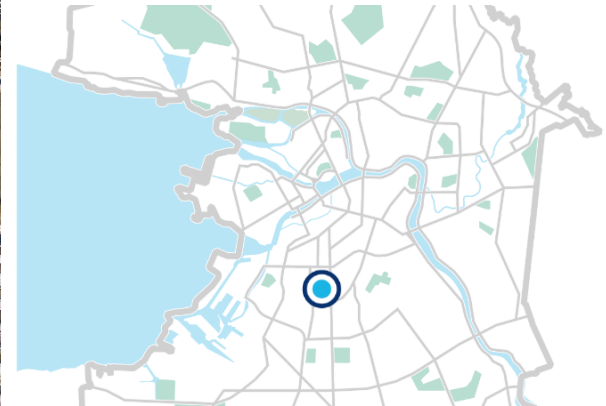
# SELECTED PROJECTS





JANUARY 2018

DECEMBER 2016



Total NSA  
841 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 15,174 mln

Income from sales<sup>(1)</sup>  
RUB 69,618 mln

St Petersburg

<sup>(1)</sup>JLL estimate as of 31.12.2016



# MOSCOW GATES

JANUARY 2018

DECEMBER 2016



Total NSA  
235 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 8,004 mln

Income from sales<sup>(1)</sup>  
RUB 21,642 mln

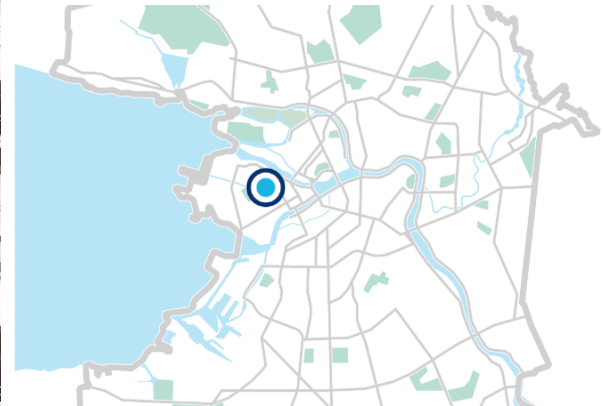
St Petersburg

<sup>(1)</sup>JLL estimate as of 31.12.2016



JANUARY 2018

DECEMBER 2016



Total NSA  
213 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 5,903 mln

Income from sales<sup>(1)</sup>  
RUB 18,252 mln

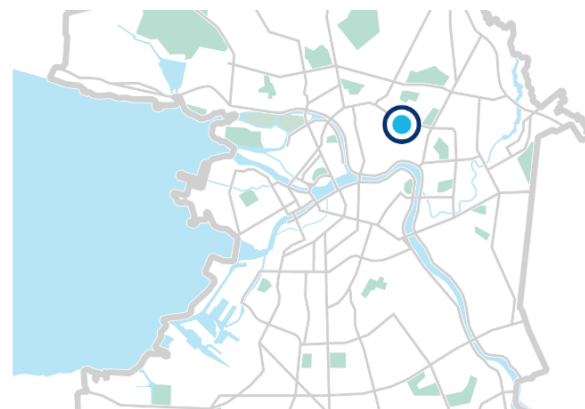
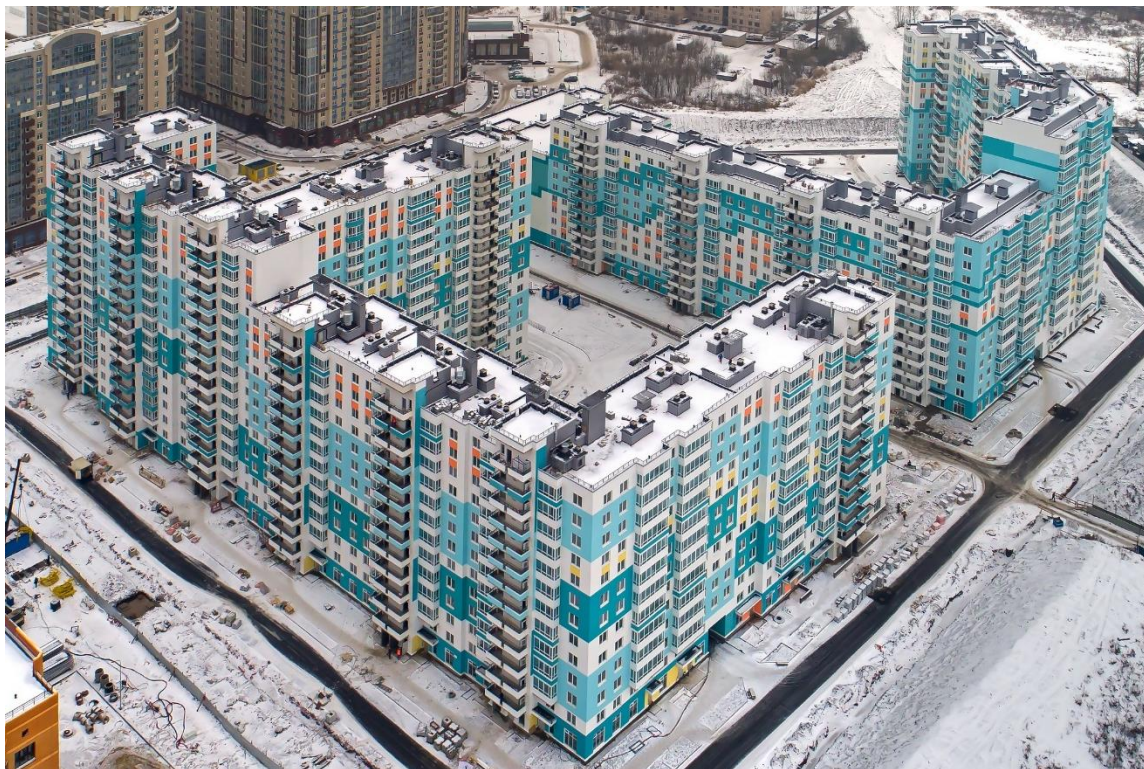
St Petersburg

<sup>(1)</sup>JLL estimate as of 31.12.2016



JANUARY 2018

DECEMBER 2016



Total NSA  
92 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 1,806 mln

Income from sales<sup>(1)</sup>  
RUB 7,551 mln

St Petersburg

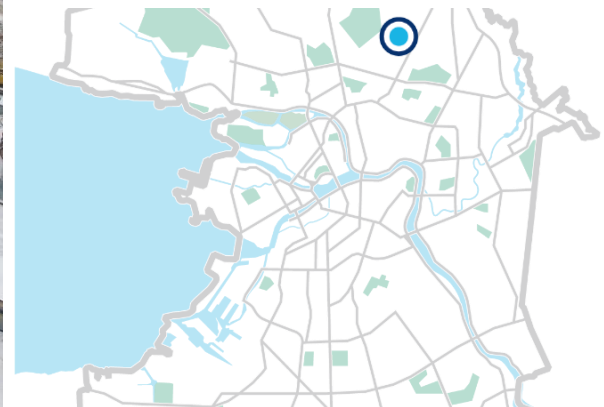
<sup>(1)</sup>JLL estimate as of 31.12.2016



# HOUSE ON OBRUCHEVYKH STREET

JANUARY 2018

DECEMBER 2016



Total NSA  
42 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 1,949 mln

Income from sales<sup>(1)</sup>  
RUB 5,153 mln

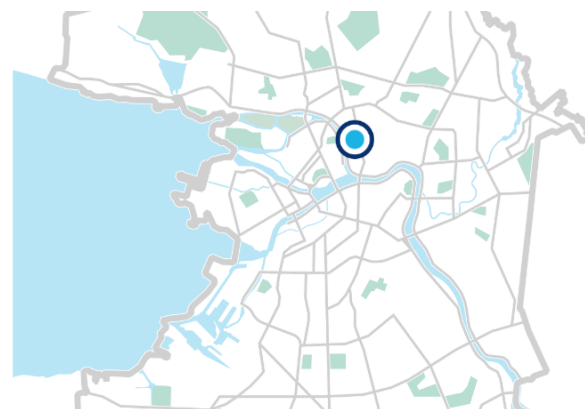
St Petersburg

<sup>(1)</sup>JLL estimate as of 31.12.2016



JANUARY 2018

VISUALISATION



Total NSA  
14 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 719 mln

Income from sales<sup>(1)</sup>  
RUB 1,800 mln

St Petersburg

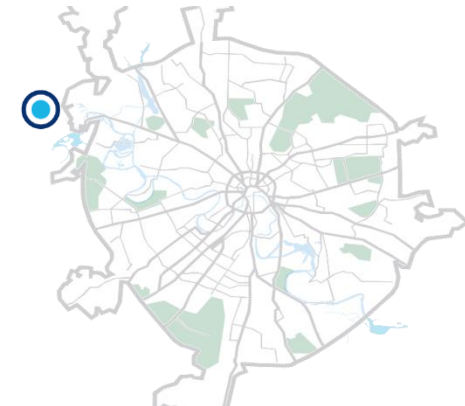
<sup>(1)</sup>JLL estimate as of 31.12.2016



# EMERALD HILLS

JANUARY 2018

DECEMBER 2016



Total NSA  
856 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 18,415 mln

Income from sales<sup>(1)</sup>  
RUB 65,149 mln

Moscow region

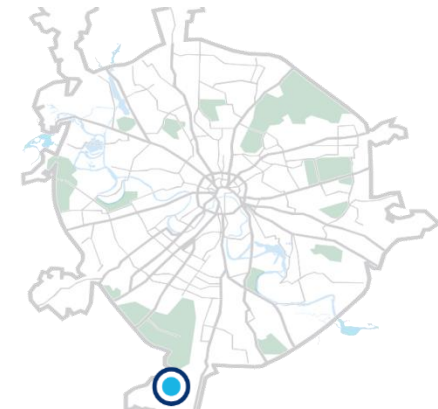
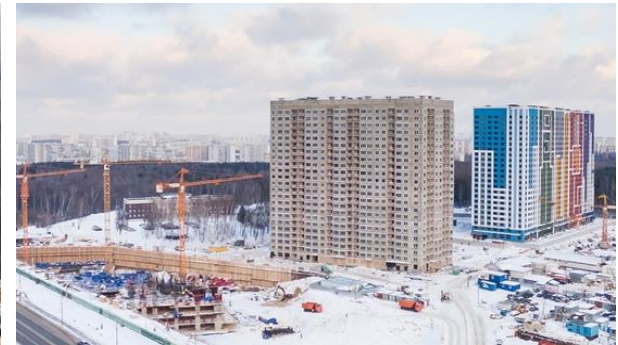
<sup>(1)</sup>JLL estimate as of 31.12.2016



# ETALON CITY

JANUARY 2018

DECEMBER 2016



Total NSA  
365 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 7,512 mln

Income from sales<sup>(1)</sup>  
RUB 27,827 mln

Moscow

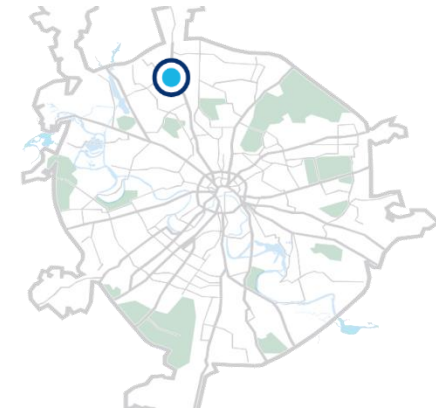
<sup>(1)</sup>JLL estimate as of 31.12.2016



# SUMMER GARDEN

JANUARY 2018

DECEMBER 2016



Total NSA  
283 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 6,880 mln

Income from sales<sup>(1)</sup>  
RUB 29,328 mln

Moscow

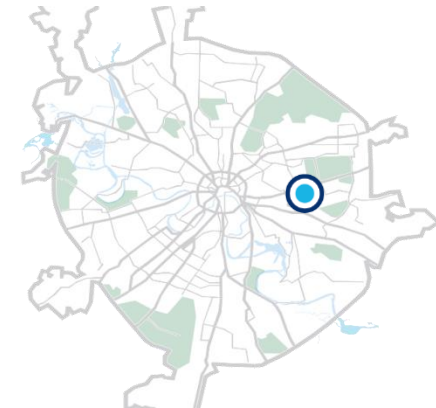
<sup>(1)</sup>JLL estimate as of 31.12.2016



# GOLDEN STAR

JANUARY 2018

DECEMBER 2016



Total NSA  
85 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 3,005 mln

Income from sales<sup>(1)</sup>  
RUB 10,054 mln

Moscow

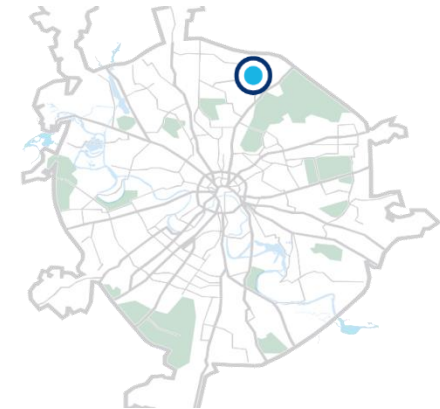
<sup>(1)</sup>JLL estimate as of 31.12.2016



# NORMANDY

JANUARY 2018

VISUALISATION



Total NSA  
92 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 3,727 mln

Income from sales<sup>(1)</sup>  
RUB 10,221 mln

Moscow

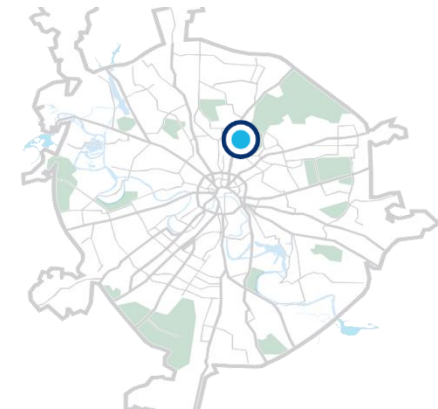
<sup>(1)</sup>JLL estimate as of 31.12.2016



# SILVER FOUNTAIN

JANUARY 2018

VISUALISATION



Total NSA  
183 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 9,573 mln

Income from sales<sup>(1)</sup>  
RUB 25,085 mln

Moscow

<sup>(1)</sup>JLL estimate as of 31.12.2016



# APPENDIX





# AT A GLANCE

## PRESENCE IN RUSSIA'S LARGEST MARKETS

- > Focus on middle class residential real estate in Moscow metropolitan area (MMA) and St Petersburg metropolitan area (SPMA)
- > 11% CAGR for deliveries over 2010-2017<sup>(1)</sup>

## STRONG DELIVERY TRACK RECORD

- > Over 30 years of construction & development experience
- > 5.8 mln sqm commissioned

## TRUE VERTICAL INTEGRATION

- > Strategic vertical integration in key value-added segments of property development enables the Company to control costs, quality and timing
- > 5 ths employees
- > Country-wide sales network covering 52 cities

## DIVERSIFIED PROJECTS PORTFOLIO

- > Land bank of 2.82 mln sqm<sup>(2)</sup>
- > Land bank sufficient until 2021
- > Projects well diversified by locations within both SPMA and MMA

## LIQUIDITY AND CREDIT RATINGS

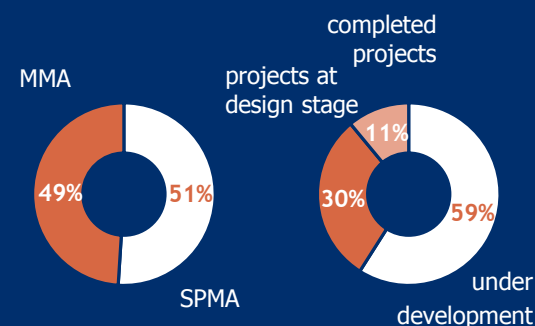
- > Secure liquidity position supported by pre-sales cash collections model
- > Low leverage: 1.2x net debt / LTM EBITDA<sup>(3)</sup>
- > Credit rating by S&P: B+/B<sup>(4)</sup>

## CORPORATE GOVERNANCE

- > 10 BoD members, 7 NEDs
- > Board of Directors consists of professionals with broad range of experience and expertise, ensuring that the interests of all groups of shareholders are appropriately represented
- > Monthly visual updates on projects, quarterly trading updates and semi-annual financial reporting
- > Official guidance on deliveries and new contract sales
- > Dividend policy aims to pay out 40% to 70% of IFRS net profit semi-annually

LSE ticker	ETLN:LI
Current share price	3.22 (16.01.2018)
Market Capitalisation	USD 941 mln
Portfolio valuation (by JLL) <sup>(2)</sup>	RUB 115,818 mln (31.12.2016)

## PORTFOLIO COMPOSITION<sup>(2)</sup>



<sup>(1)</sup> Company operating results

<sup>(2)</sup> JLL land bank valuation report as of 31.12.2016

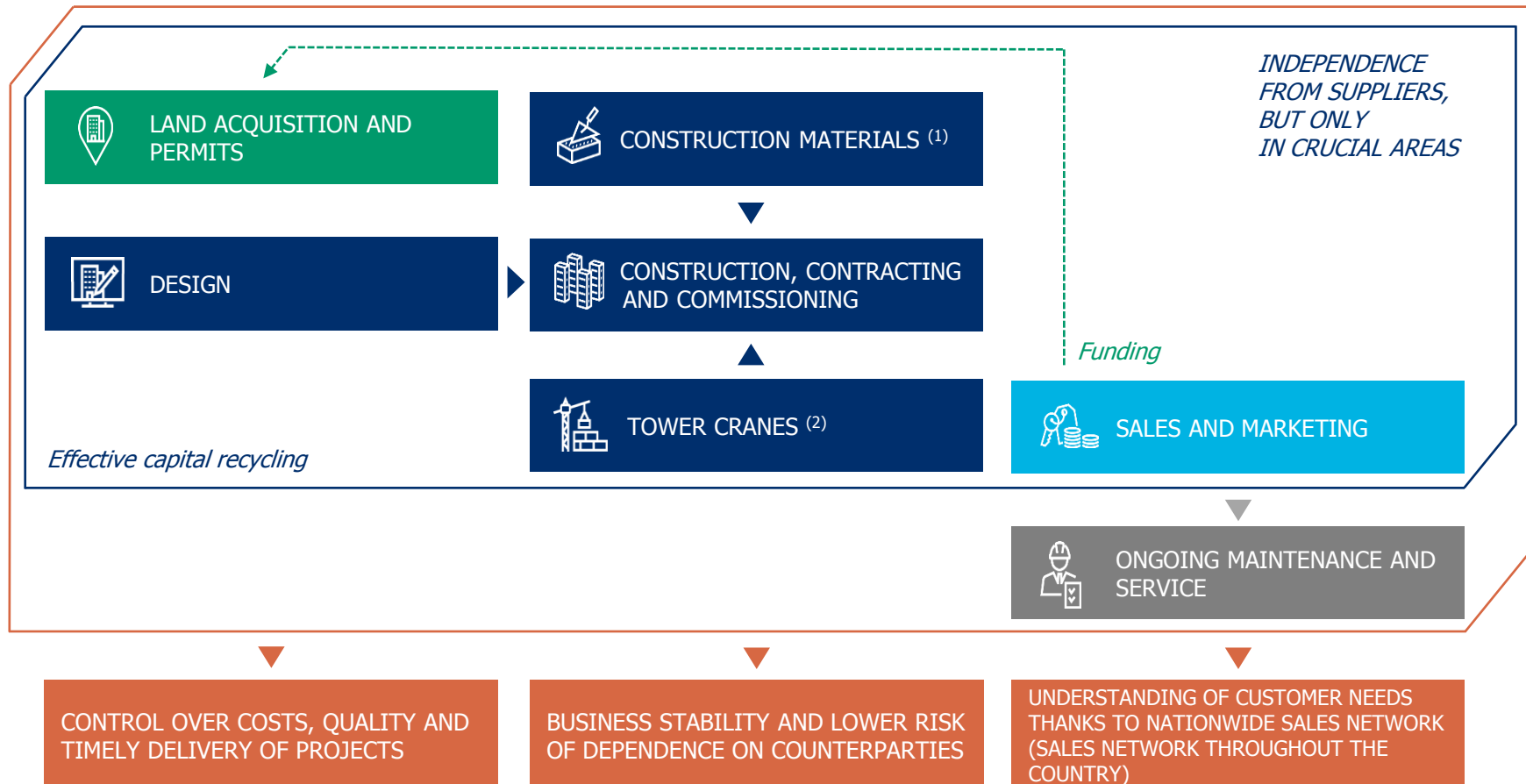
<sup>(3)</sup> IFRS financial statements for 6M ended 30.06.2017

<sup>(4)</sup> 'B+' long-term & 'B' short-term corporate credit ratings of Etalon LenSpetsSMU (last reconfirmed on 05.07.2017)

# STRATEGIC VERTICAL INTEGRATION



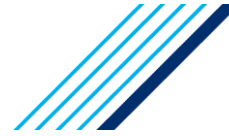
ETALON OPERATES AT EVERY STAGE OF THE DEVELOPMENT PROCESS, WHICH MEANS CONTROL OVER COSTS, QUALITY AND TIMING



<sup>(1)</sup> Brick plant and concrete products plant

<sup>(2)</sup> 62 tower cranes (Liebherr and Wolff). Data as of 31.12.2017

# POWERFUL SALES NETWORK ACROSS THE COUNTRY



NATIONWIDE SALES & MARKETING NETWORK SUPPORTS SUSTAINABLE CONTRACT SALES

REGIONAL POPULATION ACTIVELY BUYS APARTMENTS IN MOSCOW AND ST PETERSBURG



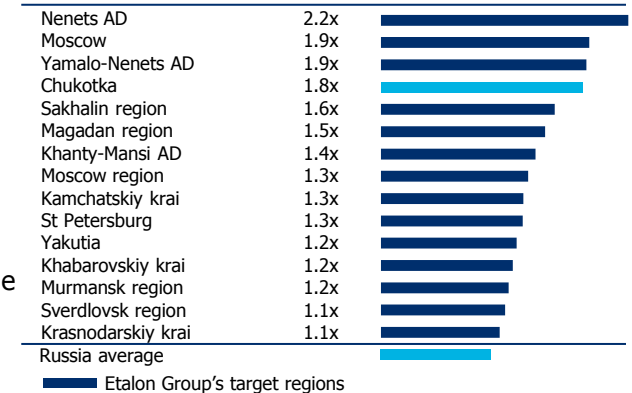
- > Etalon Group's sales force focuses on regions with the highest per capita income levels
- > Key markets: St Petersburg and MMA
- > 52 cities covered with eight sales offices in St Petersburg and 22 more sales offices nationwide
- > External professional marketing and sales service agents engaged nationwide

ETALON GROUP'S REGIONAL SALES GEOGRAPHY<sup>(1)</sup>

REGION	SHARE OF TOTAL CONTRACTS
Leningrad region	2.7%
Yamalo-Nenets AD	1.6%
Khanty-Mansi AD	1.6%
Murmansk region	1.5%
Krasnoyarskiy krai	1.4%
Khabarovskiy krai	1.4%
Krasnodarskiy krai	1.1%
Yakutia	1.0%
Other Russian regions	24.3%
Foreigners	1.2%
<b>TOTAL</b>	<b>37.8%</b>

THE GROUP'S FLATS ARE SOLD IN 14 OF RUSSIA'S 15 MOST AFFLUENT REGIONS

REGIONAL INCOME PER CAPITA TO RUSSIA AVERAGE<sup>(2)</sup>



<sup>(1)</sup> Source: Company data for 4Q 2017

<sup>(2)</sup> Average monthly cash income per capita, Rosstat's preliminary estimates for 10M 2017

# BOARD OF DIRECTORS REPRESENTS INTERESTS OF ALL INVESTOR GROUPS



## FOUNDING SHAREHOLDERS



**DMITRY ZARENKOV**

Chairman of the Board of Directors

### EXPERIENCE AND AWARDS

- 20 years of experience in construction industry
- Honoured builder of Russia<sup>(1)</sup>; Certificate of Honour of the Ministry of Regional Development

### EDUCATION

- Institute of Aeronautical Instrumentation, St Petersburg University of Architecture & Civil Engineering, St Petersburg University of Internal Affairs
- PhD in Engineering



**VIACHESLAV ZARENKOV**

President, CEO and Founding shareholder

### EXPERIENCE AND AWARDS

- 47 years of experience in construction industry
- Honoured builder of Russia<sup>(1)</sup>

### EDUCATION

- Institute of Civil Engineering, St Petersburg University of Internal Affairs
- PhD in Economics; PhD in Technical Sciences, PhD in Architecture, Professor

## EXECUTIVE DIRECTORS



**DMITRY KASHINSKIY**

First Vice President and COO

### EXPERIENCE AND AWARDS

- Over 15 years of experience in construction industry
- Worked at Barkli and AFI Development (Russia), where he served as CEO

### EDUCATION

- Moscow Aviation Institute



**KIRILL BAGACHENKO**

Deputy CEO and Vice President

### EXPERIENCE AND AWARDS

- 12 years' experience in corporate finance and asset management
- Previously held position of senior equity portfolio manager at TXB BNP Paribas Investment Partners
- In 2013 voted one of the top-3 portfolio managers in Russia by Thomson Reuters Extel Survey

### EDUCATION

- St Petersburg State University of Economics and Finance

## NON-EXECUTIVE DIRECTORS



**MICHAEL JOHN CALVEY**

Senior partner at Baring Vostok

### EXPERIENCE AND AWARDS

- Member of the board of Europlan, Volga Gas, Gallery Media Group
- Worked at EBRD, Salomon Brothers, Sovlink Corporation
- Ex-Member of the board of CTC Media, Golden Telecom, Burren Energy

### EDUCATION

- University of Oklahoma and London School of Economics



**ALEXEI KALININ**

Partner at Baring Vostok

### EXPERIENCE AND AWARDS

- With Baring Vostok since 1999
- Worked at Alfa-Bank and Alfa Capital
- Chairman of the Board of Directors at Volga Gas, member of the board at Samarenergo and other companies

### EDUCATION

- Moscow Power Engineering University
- PhD in Engineering

## INDEPENDENT NON-EXECUTIVE DIRECTORS



**BORIS SVETLICHNY**

Independent Non-Executive Director

### EXPERIENCE AND AWARDS

- Over 27 years of experience in finance and senior management with international and Russian companies
- Recent experience included CFO position at Orange in Russia, VP for Finance at Vimpelcom and CFO at Golden Telecom

### EDUCATION

- University of Massachusetts (BBA in Accounting), Carnegie-Mellon University (MBA)



**MARTIN COCKER**

Independent Non-Executive Director

### EXPERIENCE AND AWARDS

- Over 20 years of experience in audit, 7 years - in construction industry
- Runs his own development business in Portugal
- Worked at Deloitte & Touche, KPMG and Ernst & Young in Russia, Kazakhstan and UK

### EDUCATION

- University of Keele



**CHARALAMPOS AVGOUSTI**

Independent Non-Executive Director

### EXPERIENCE AND AWARDS

- 10 years of legal experience in the real estate, corporate and banking sectors
- Founder and Managing Director of Ch. Avgousti & Partners LLC (Advocates & legal consultants)
- Board member at Cyprus Telecommunication Authority (CYTA), member of the Advisory council of Limassol for the Central Cooperative Bank

### EDUCATION

- Northumbria University Newcastle (LLM in International Commercial Law), Democritus University of Thrace



**MARIOS THEODOSIOU**

Independent Non-Executive Director

### EXPERIENCE AND AWARDS

- Experienced professional in marketing and strategy, affiliated with American Marketing Association (AMA) and Academy of International Business
- Member of the Working Group on Economic Matters for Cyprus talks
- In 2015 won Excellence in Global Marketing Research Award from AMA

### EDUCATION

- University of Cyprus; University of Wales, Cardiff (PhD, International Marketing and Strategy)

<sup>(1)</sup> Title granted by President of Russia



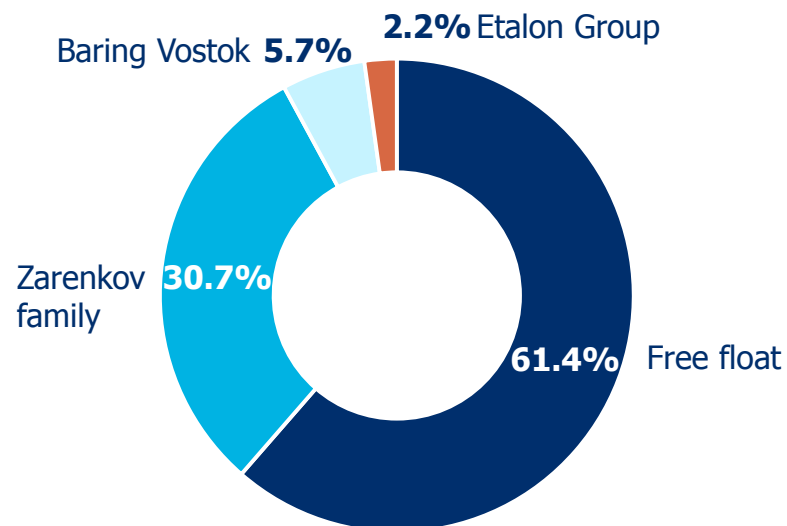
# CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE



## CORPORATE GOVERNANCE STRUCTURE



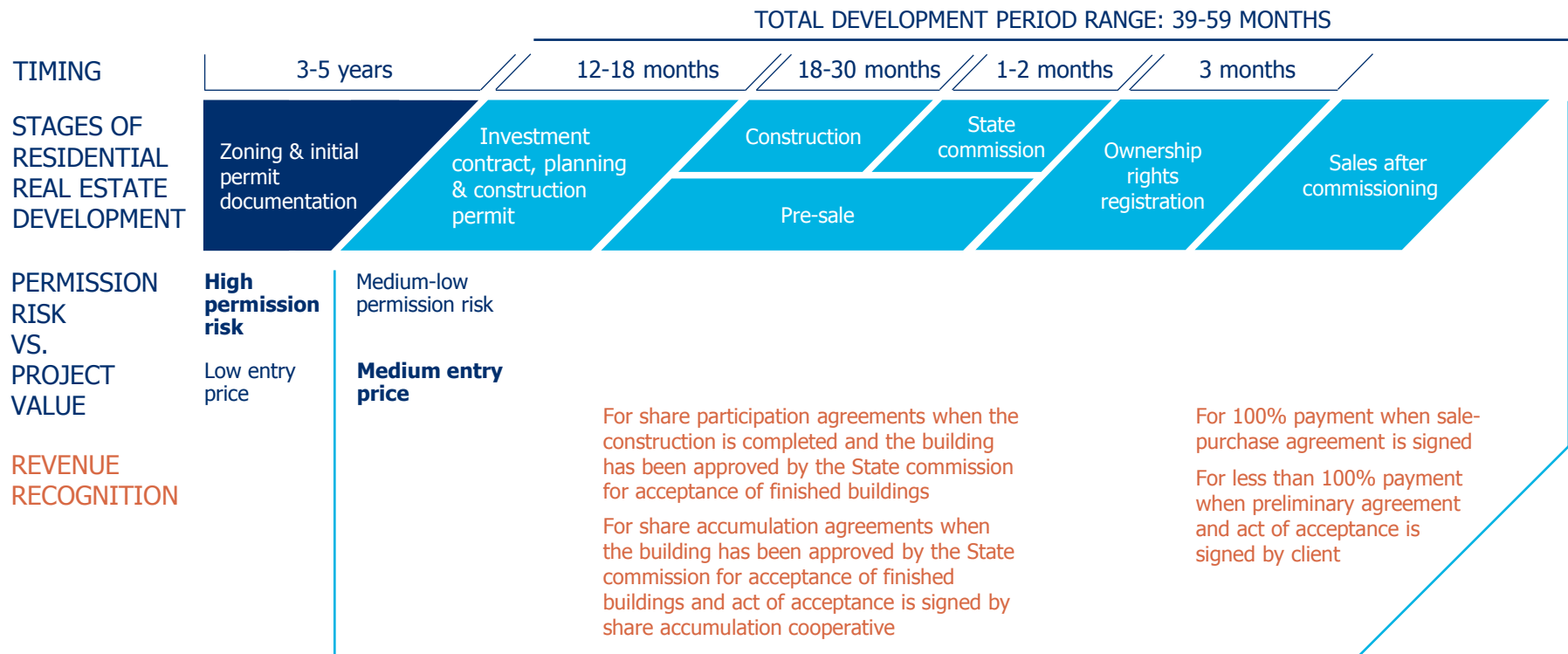
## SHAREHOLDER STRUCTURE<sup>(1)</sup>



Source:  
Company data

<sup>(1)</sup> As of 1 December 2017

# RESIDENTIAL DEVELOPMENT SCHEME

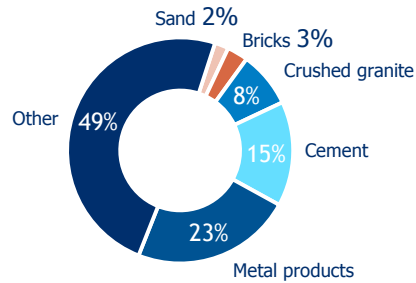


ETALON GROUP FOCUS

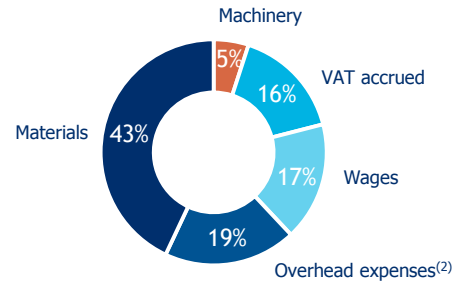
Source:  
Company data

# TYPICAL PROJECT COST STRUCTURE

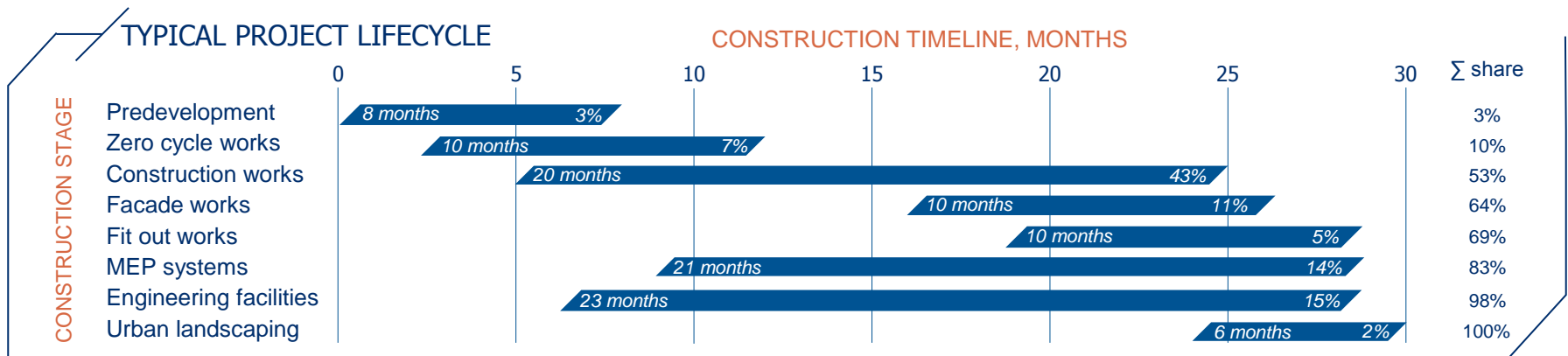
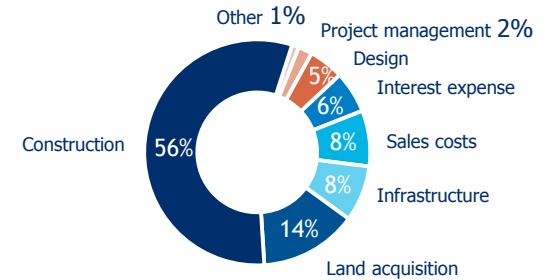
**MATERIALS COST STRUCTURE<sup>(1)</sup>**  
RUB 12,000-18,000 per sqm of NSA



**CONSTRUCTION COST STRUCTURE<sup>(1)</sup>**  
RUB 29,000-39,000 per sqm of NSA



**TOTAL COST STRUCTURE<sup>(1)</sup>**  
RUB 59,000-72,000 per sqm of NSA



<sup>(1)</sup> Source: Company estimates for typical project based on current portfolio average. Actual breakdown per project is subject to significant variation due to a number of factors.

<sup>(2)</sup> Including payroll tax



# INDUSTRIAL CONSTRUCTION PROJECTS

## NISSAN PLANT 2012-2014



- Etalon Group is a long-time partner of Nissan in Russia, having acted as the general contractor for design and construction of the test track and new car storage areas in 2008
- In 2014 Etalon Group delivered 66 ths sqm of new factory space, including expansion of existing assembly lines, warehouse and office facilities

## FORD MOTOR COMPANY 2007-2012



Expansion of existing production facilities, including a 25 ths sqm logistics area for finished goods, renovation of warehouse and overhaul of utility systems

<sup>(1)</sup> Expected date of completion

## EXPOFORUM 2011-2015



- The largest commercial construction project in St Petersburg in recent years
- Overall size of the complex is over 200 ths sqm
- 2 main exhibition halls, 3 exhibition pavilions, 2 hotels, 3 helicopter pads, parking and utilities infrastructure
- Capacity for up to 10 ths delegates

## UNIPRES 2014-2016



- General contractor agreement for the construction of a 12,313 sqm manufacturing facility and a 3,588 sqm administrative building
- Turnkey project involving the full construction cycle

## ZVEZDA-REDUKTOR 2015-2016



- Overhaul of production lines and the renovation of administrative and service buildings for Zvezda-Reduktor, a subsidiary of Zvezda, Russia's largest manufacturer of compact, high-RPM Diesel engines
- Contract covers a total area of 9,854 sqm

## STATE HERMITAGE MUSEUM 2015-2018<sup>(1)</sup>



- Construction of part of the Restoration and Storage Centre of the State Hermitage Museum in St Petersburg
- Contract is worth RUB 1.6 billion

# INCOME STATEMENT

<b>MLN RUB</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>1H 2015</b>	<b>1H 2016</b>	<b>1H 2017</b>
Revenue	51,481	42,404	49,022	18,148	19,742	24,151
Cost of sales	(35,685)	(29,405)	(36,813)	(12,584)	(15,685)	(19,296)
Gross profit	15,796	12,999	12,209	5,564	4,057	4,855
General and administrative expenses	(4,178)	(4,348)	(4,454)	(2,021)	(1,958)	(1,990)
Selling expenses	(1,474)	(1,411)	(1,984)	(619)	(918)	(1,168)
Other expenses, net	(913)	(991)	(753)	(341)	(495)	(319)
Results from operating activities	9,231	6,249	5,018	2,583	686	1,378
Finance income	1,717	1,686	1,857	998	891	760
Finance costs	(553)	(504)	(319)	(593)	(152)	(397)
Net finance income	1,164	1,182	1,538	405	739	363
Profit before income tax	10,395	7,431	6,556	2,988	1,425	1,741
Income tax expense	(2,026)	(2,002)	(1,654)	(795)	(117)	(527)
Profit for the period	8,369	5,429	4,902	2,193	1,308	1,214
<i>Profit attributable to:</i>						
Owners of the Company	8,345	5,399	4,902	2,188	1,307	1,210
Non-controlling interest	24	30	-	5	1	4
Profit for the period	8,369	5,429	4,902	2,193	1,308	1,214

Source:  
IFRS financial statements for 1H15, 1H16, 1H17, 2014, 2015, 2016

# BALANCE SHEET

MLN RUB	2014	2015	2016	1H 2015	1H 2016	1H 2017
<b>ASSETS</b>						
<b>Non-current assets</b>						
PP&E	2,503	2,479	2,889	2,349	2,433	2,927
Investment property	808	538	561	618	482	354
Other long-term investments	1,036	578	545	684	556	630
Trade and other receivables	2,521	3,303	5,063	2,164	3,801	5,633
Deferred tax assets	885	1,159	1,414	1,040	1,412	1,617
Other non-current assets	10	5	-	10	2	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>7,763</b>	<b>8,062</b>	<b>10,472</b>	<b>6,865</b>	<b>8,686</b>	<b>11,161</b>
<b>Current assets</b>						
Inventories	57,525	67,722	71,261	61,131	69,237	77,924
Trade and other receivables	15,075	18,227	21,409	15,926	20,340	26,468
Short-term investments	1,221	733	793	2,122	830	754
Cash and cash equivalents	14,631	11,532	10,206	10,042	15,770	9,392
Other current assets	66	7	-	66	7	-
<b>TOTAL CURRENT ASSETS</b>	<b>88,517</b>	<b>98,221</b>	<b>103,669</b>	<b>89,287</b>	<b>106,184</b>	<b>114,538</b>
<b>TOTAL ASSETS</b>	<b>96,280</b>	<b>106,283</b>	<b>114,141</b>	<b>96,152</b>	<b>114,870</b>	<b>125,699</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital	14,983	14,999	15,070	14,983	14,999	14,603
Retained earnings	36,537	39,697	43,052	37,011	40,068	44,263
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	<b>51,520</b>	<b>54,696</b>	<b>58,122</b>	<b>51,994</b>	<b>55,067</b>	<b>58,866</b>
Non-controlling interest	351	147	28	170	83	-
<b>TOTAL EQUITY</b>	<b>51,871</b>	<b>54,843</b>	<b>58,150</b>	<b>52,164</b>	<b>55,150</b>	<b>58,866</b>
<b>Non-current liabilities</b>						
Loans and borrowings	12,411	13,138	12,415	13,375	12,950	14,973
Trade and other payables	2,854	923	859	4,024	610	3,270
Provision	114	117	107	112	109	99
Deferred tax liabilities	1,456	1,810	1,557	1,249	1,096	1,173
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>16,835</b>	<b>15,988</b>	<b>14,938</b>	<b>18,760</b>	<b>14,765</b>	<b>19,515</b>
<b>Current liabilities</b>						
Loans and borrowings	3,880	6,276	5,639	5,141	8,720	4,051
Trade and other payables	21,460	25,630	33,666	18,451	34,375	41,773
Provisions	2,234	3,546	1,748	1,636	1,860	1,494
<b>TOTAL CURRENT LIABILITIES</b>	<b>27,574</b>	<b>35,452</b>	<b>41,053</b>	<b>25,228</b>	<b>44,955</b>	<b>47,318</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>96,280</b>	<b>106,283</b>	<b>114,141</b>	<b>96,152</b>	<b>114,870</b>	<b>125,699</b>

Source:  
IFRS financial statements for 1H15, 1H16, 1H17, 2014, 2015, 2016



# CASHFLOW STATEMENT

MLN RUB	2014	2015	2016	1H 2015	1H 2016	1H 2017
<b>OPERATING ACTIVITIES</b>						
Profit for the period	8,369	5,429	4,902	2,193	1,308	1,214
<i>Adjustments for:</i>						
Depreciation	417	406	434	213	240	172
Loss/(gain) on disposal of PP&E	(52)	(65)	(52)	20	(7)	(51)
Gain on disposal of investment property	-	-	(267)	-	-	(27)
Impairment gain/(loss) on investment property	280	215	(41)	166	27	-
Impairment loss on inventories	466	514	430	30	290	312
Finance income, net	(1,164)	(1,182)	(1,538)	(405)	(739)	(363)
Income tax expense	2,026	2,002	1,654	795	117	527
<b>CASH FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</b>	<b>10,342</b>	<b>7,319</b>	<b>5,522</b>	<b>3,012</b>	<b>1,236</b>	<b>1,784</b>
Change in inventories	(6,890)	(8,255)	(1,780)	(2,418)	(502)	(3,884)
Change in accounts receivables	(1,427)	(3,899)	(3,746)	(366)	(2,381)	(5,831)
Change in accounts payable	1,184	2,369	7,812	(1,461)	8,519	8,175
Change in provisions	594	1,315	(1,808)	(600)	(1,694)	(262)
Change in other current assets	(59)	-	-	-	-	-
Income tax paid	(1,645)	(2,146)	(1,960)	(1,605)	(1,070)	(1,090)
Interest paid	(1,588)	(2,516)	(2,603)	(1,180)	(1,278)	(1,094)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>511</b>	<b>(5,813)</b>	<b>1,437</b>	<b>(4,618)</b>	<b>2,830</b>	<b>(2,202)</b>
<b>INVESTING ACTIVITIES</b>						
Proceeds from disposal of non-current assets	66	188	93	29	45	221
Proceeds from disposal of investment property	-	-	-	-	-	224
Interest received	823	1,311	1,153	802	580	410
Acquisition of PP&E	(653)	(369)	(711)	(95)	(218)	(365)
Loans given	(178)	(123)	(435)	(4)	(41)	(27)
Loans repaid	174	66	25	21	18	317
Disposal of subsidiaries, net of cash disposed of (Acquisition)/disposal of other investments	7 3,038	- 1,155	- 242	(3) (598)	(1) (113)	- (337)
<b>NET CASH FROM /(USED IN) INVESTING ACTIVITIES</b>	<b>3,277</b>	<b>2,228</b>	<b>367</b>	<b>152</b>	<b>270</b>	<b>443</b>
<b>FINANCING ACTIVITIES</b>						
Acquisition of non-controlling interest	(83)	(20)	(94)	(66)	(38)	(30)
Proceeds from borrowings	10,763	9,480	9,016	4,707	5,882	4,671
Repayments of borrowings	(8,498)	(6,281)	(10,404)	(2,323)	(3,635)	(3,678)
Acquisition of own shares	16	16	-	-	-	-
Dividends paid	(1,124)	(2,452)	(1,504)	(1,834)	(961)	-
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>1,074</b>	<b>743</b>	<b>(2,986)</b>	<b>484</b>	<b>1,248</b>	<b>963</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,862</b>	<b>(2,842)</b>	<b>(1,182)</b>	<b>(3,982)</b>	<b>4,348</b>	<b>(796)</b>
Effect of FX rate fluctuations	1,630	(257)	(144)	(607)	(110)	(18)
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>14,631</b>	<b>11,532</b>	<b>10,206</b>	<b>10,042</b>	<b>15,770</b>	<b>9,392</b>

Source:  
IFRS financial statements for 1H15, 1H16, 1H17, 2014, 2015, 2016

# EBITDA CALCULATION

MLN RUB	2014	2015	2016	1H 2015	1H 2016	1H 2017
Comprehensive income	8,369	5,429	4,902	2,193	1,308	1,214
Income tax expense	2,026	2,002	1,654	795	117	527
Interest expense on loans and finance lease	295	19	12	15	6	2
Net foreign exchange loss	-	138	78	438	51	22
Interest income on bank deposits	(729)	(1,089)	(839)	(686)	(437)	(278)
Interest income on loans and receivables	(94)	(222)	(314)	(116)	(143)	(132)
Net foreign exchange gain	(814)	-	-	-	-	-
Bank fees and commissions	117	95	133	49	65	59
Interest in cost of sales	1,024	897	1,241	272	508	702
<b>DEPRECIATION:</b>	<b>417</b>	<b>406</b>	<b>434</b>	<b>213</b>	<b>240</b>	<b>172</b>
Depreciation in cost of goods sold (Note 13 PP&E)	271	284	321	167	183	132
Depreciation to selling expenses (Note 13 PP& E)	4	6	4	3	2	4
Depreciation to general and administrative expenses (Note 13 PP&E)	94	63	62	19	29	26
Depreciation to investment property (Note 14 Investment property)	48	48	42	24	24	10
Depreciation to other non-current assets	-	5	5	-	2	-
<b>EBITDA</b>	<b>10,611</b>	<b>7,675</b>	<b>7,301</b>	<b>3,173</b>	<b>1,715</b>	<b>2,288</b>

Source:  
IFRS financial statements for 1H15, 1H16, 1H17, 2014, 2015, 2016

# WORKING CAPITAL CALCULATION

<b>MLN RUB</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>1H 2015</b>	<b>1H 2016</b>	<b>1H 2017</b>
Total inventory	57,525	67,722	71,261	61,131	69,237	77,924
<b>CURRENT PART</b>						
+Trade and other receivables	15,074	18,227	21,409	15,926	20,340	26,468
- Trade and other payables	21,460	25,630	33,666	18,451	34,375	41,773
- Provisions	2,234	3,546	1,748	1,636	1,860	1,494
<b>NON-CURRENT PART</b>						
+Trade and other receivables	2,521	3,303	5,063	2,164	3,801	5,633
- Trade and other payables	2,854	923	859	4,024	610	3,270
- Provisions	114	117	107	112	109	99
<b>ADJUSTMENTS</b>						
- Cumulative borrowing costs capitalised during the period (Note 11 Finance income and finance costs)	5,416	7,977	10,602	6,636	9,278	11,686
+ Cumulative borrowing costs that have been included into the cost of sales (Note 11 Finance income and finance costs)	2,313	3,210	4,451	2,585	3,718	5,153
- Income tax receivable (Note 18 Trade and other receivables)	159	358	412	467	302	235
+ Income tax payable (Note 25 Trade and other payables)	380	125	399	10	100	246
<b>WORKING CAPITAL</b>	<b>45,576</b>	<b>54,036</b>	<b>55,189</b>	<b>50,490</b>	<b>50,662</b>	<b>56,867</b>

Source:  
IFRS financial statements for 1H15, 1H16, 1H17, 2014, 2015, 2016



# FCF CALCULATION

MLN RUB	2014	2015	2016	1H 2015	2H 2015	1H 2016	2H 2016	1H 2017
Comprehensive income	8,369	5,429	4,902	2,193	3,236	1,308	3,594	1,214
ADJUSTMENTS FOR								
Depreciation	417	406	434	213	193	240	194	172
Loss/(gain) on disposable PP&E	(52)	(65)	(52)	20	(85)	(7)	(45)	(51)
Gain on disposal of investment property	-	-	-	-	-	-	-	(27)
Impairment loss on investment property	280	215	(41)	166	49	27	(68)	-
Impairment loss on inventory	466	514	430	30	484	290	140	312
Loss on disposal of subsidiaries	-	-	-	-	-	-	-	-
Finance income, net	(1,164)	(1,182)	(1,538)	(405)	(777)	(739)	(799)	(363)
Income tax expense	2,026	2,002	1,654	795	1,207	117	1,537	527
Income tax paid	(1,645)	(2,146)	(1,960)	(1,605)	(541)	(1,070)	(890)	(1,090)
Interest paid	(1,588)	(2,516)	(2,603)	(1,180)	(1,336)	(1,278)	(1,325)	(1,094)
(Increase)/decrease in working capital:	(6,598)	(8,470)	478	(4,845)	(3,625)	3,942	(3,462)	(1,802)
Change in inventories	(6,890)	(8,255)	(1,780)	(2,418)	(5,837)	(502)	(1,278)	(3,884)
Change in accounts receivable	(1,427)	(3,958)	(3,746)	(366)	(3,592)	(2,381)	(1,365)	(5,831)
Change in accounts payable	1,184	2,369	7,812	(1,461)	3,830	8,519	(705)	8,175
Change in provisions	594	1,315	(1,808)	(600)	1,915	(1,694)	(114)	(262)
Change in other current assets	(59)	59	-	-	59	-	-	-
(Increase)/decrease in invested capital based on CF statement:	(587)	(181)	(618)	(66)	(115)	(173)	(445)	80
Acquisition of PP&E	(653)	(369)	(711)	(95)	(274)	(218)	(493)	(365)
Proceeds from disposal of non-current assets	66	188	93	29	159	45	48	445
<b>FCF</b>	<b>(76)</b>	<b>(5,994)</b>	<b>1,086</b>	<b>(4,684)</b>	<b>(1,310)</b>	<b>2,657</b>	<b>(1,569)</b>	<b>(2,122)</b>

Source:  
IFRS financial statements for 1H15, 1H16, 1H17, 2014, 2015, 2016



## 4Q AND FY 2017 OPERATING RESULTS

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