

ETALON

# FY AND 4Q 2021 OPERATING RESULTS

24 JANUARY 2022



# DISCLAIMER

The text hereinafter contained applies to the presentation (the “Presentation”) following this important notice, and you are, therefore, advised to consider it carefully before reading, assessing or making any other use of the Presentation. In assessing the Presentation, you unconditionally agree to be bound by the following terms, conditions and restrictions, including any modifications to them any time that you receive any information from ETALON GROUP PLC (“Etalon Group” or the “Company”). This Presentation has been prepared by the Company for informational purposes only and does not constitute or form part of, and should not be construed as solicitation of any offer to subscribe for or purchase any securities of Company in any jurisdiction or an inducement, an offer or invitation to sell or issue, or any to enter into investment activity in any jurisdiction and under any applicable legislation, including, but not limited to the United States, the UK, any member state of the European Union, Australia, Canada, South Africa, Japan, Hong Kong Special Administrative Region of the People’s Republic of China.

This Presentation (i) is not intended to form the basis for any investment decision and (ii) does not purport to contain all the information that may be necessary or desirable to evaluate the Company fully and accurately, and (iii) is not to be considered as recommendation by the Company or any of its affiliates that any person (including a recipient of this Presentation) participate in any transaction involving the Company or its securities. The Company has prepared this Presentation based on information available to it as at the date of this Presentation, including information derived from public sources that have not been independently verified

. The information contained in this document may be updated, amended or superseded by subsequent disclosures, or may become outdated and inaccurate over time and is subject to change without notice. Neither the Company nor any of its directors, officers, employees, shareholders, affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this Presentation or its contents or otherwise arising in connection with the Presentation or undertake any duty or obligation to supplement, amend, update or revise any information contained in this Presentation.

This Presentation contains certain unaudited half- and full- year financial information which has been prepared based on the Company’s reviewed management accounts (hereinafter - Management accounts). If not specifically noted otherwise, this Presentation contains also certain full- and half- year financial information based on the Company’s audited consolidated IFRS accounts. It also includes certain non-IFRS financial information, such as Earnings before interest, taxes, depreciation and amortization (“EBITDA”), pre-PPA EBITDA, EBITDA margin, pre-PPA EBITDA margin, Working capital, free cash flow (“FCF”), Operating Cash flow (“OCF”), Net corporate debt and Net project debt which has not been audited or reviewed by the Company’s auditors. Projects for which the construction supervision commission was initiated at the end of year, but documentation for the delivery is dated on the beginning of the following year, are included in the deliveries for the year when the supervision commission was initiated.

Any “forward-looking statements”, which include all statements other than statements of historical facts, including, without limitation, forecasts, projections and any statements preceded by, followed by or that include the words “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “would”, “could” or similar expressions or the negative thereof, involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements include statements regarding: our construction programme and future construction and development projects (information concerning which is being provided solely on an indicative basis for information purposes only and is subject to change without notice); strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures; growth in demand for products; economic outlook and industry trends; developments of markets; the impact of regulatory initiatives; and the strength of competitors. Such forward-looking statements are based on numerous assumptions by management regarding present and future business strategies and the environment operating in the future. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control.

Neither the Company, nor any of its agents, employees or advisors undertake or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this Presentation.

You may download Presentation only for your own personal use, provided that all copyright and other proprietary notices are kept intact. You may not otherwise copy, reproduce, republish, upload, post, retransmit, distribute, commercially exploit or otherwise transfer the Presentation or any part of it without Company’s prior written consent. The burden of determining that use of any Information is permissible rests with you.

This Presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require registration of licensing within such jurisdiction.

By receiving and reading this Presentation, you agree to be bound by the restrictions in this disclaimer, and acknowledge that you will be solely responsible for your own assessment of the market, the market position of the Company and any securities of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Company’s business.

# CONTENTS

1	OPERATING RESULTS	3
2	TRANSFORMATION AND 2022 EXPECTATIONS	15
3	SELECTED PROJECTS	19



ETALON

# OPERATING RESULTS

3

FY AND 4Q 2021 OPERATING RESULTS



# ETALON GROUP: 2021 HIGHLIGHTS

# 1

## ENTRANCE INTO NEW REGIONS

IN 2021, ETALON EXPANDED OPERATIONS INTO TWO REGIONAL MARKETS (OMSK AND NOVOSIBIRSK)

# 2

## SIGNIFICANT PORTFOLIO REPLENISHMENT

LAUNCHED IN 2021, WITH C. 2 MLN SQM ALREADY ACQUIRED IN CORE AND REGIONAL MARKETS

# 3

## LEADERSHIP IN PROFITABILITY

HIGHEST PRE-PPA GROSS PROFIT MARGIN AMONG ITS PEERS

# 4

## RECORD NEW CONTRACT SALES

IN RUB TERMS, DESPITE A LIMITED OFFERING OF NEW NSA

# 5

## SOLID FINANCIAL POSITION FOR FUTURE GROWTH

NET CORPORATE DEBT / LTM EBITDA RATIO OF 0.2X AT 31.12.2021

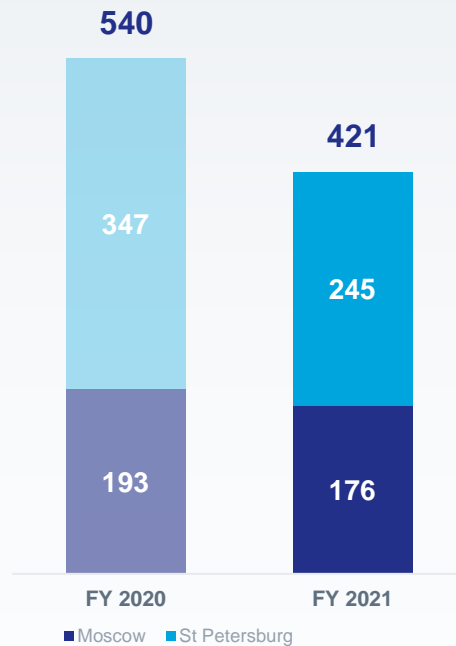
# 6

## ACQUISITION OF MODULAR TECHNOLOGY

PLANS TO LAUNCH PILOT PRODUCTION BY THE END OF 2022

# DELIVERIES IN 12M 2021

DELIVERIES  
ths sqm



FY 2021 DELIVERIES BREAKDOWN  
ths sqm

PROJECT	NSA, ths sqm
Summer Garden	87
Galactica (escrow)	78
Etalon on the Neva	76
Petrovskiy Landmark	74
Silver Fountain	38
Normandy	36
Moscow Gates	18
Nagatino i-Land (escrow)	12
Etalon City	3
<b>TOTAL</b>	<b>421</b>

- The volume of deliveries was affected by the **construction cycles and commencement of a transition period to new financing rules**
- Etalon Group is at the beginning of a transition period as it delivers the last buildings constructed under previous financing rules
- The Company has to date delivered 90 ths sqm built under the new rules
- Starting this year, **Etalon will start to receive cash from escrow accounts** as more stages of buildings constructed under new rules are delivered

# FY 2021

## OPERATING RESULTS

NEW CONTRACT SALES  
ths sqm

▼ -17%

538

446

FY 2020

FY 2021

NEW CONTRACT SALES  
RUB bln

▲ +6%

79.9

84.4

FY 2020

FY 2021

TOTAL CASH COLLECTIONS  
RUB bln

▲ +3%

82.0

84.1

FY 2020

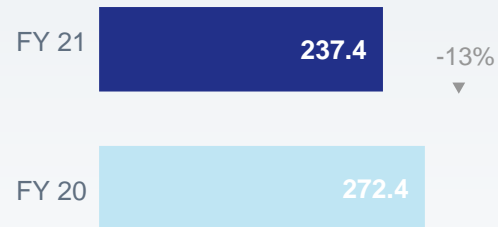
FY 2021

- Etalon Group sales in monetary terms reached another all-time high despite the limited number of new launches
- Growth in sales was held back by a temporary decline in available stock and new launches
- The number of new contracts amounted to **8,560** in FY 2021
- Cash collections in escrow accounts amounted to **RUB 36.2 bln** in FY 2021, up by 58% year-on-year

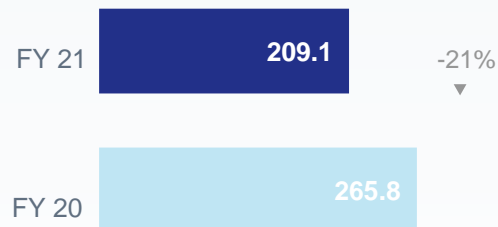
# FY 2021 OPERATING RESULTS: BREAKDOWN BY REGION

## NEW CONTRACT SALES ths sqm

### MOSCOW

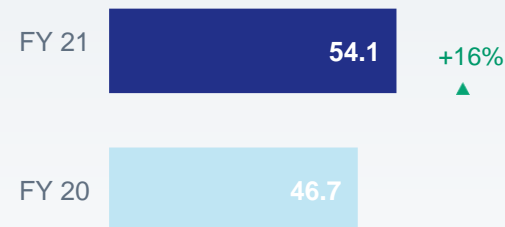


### ST PETERSBURG

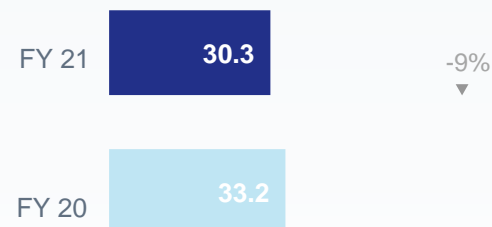


## NEW CONTRACT SALES RUB bln

### MOSCOW

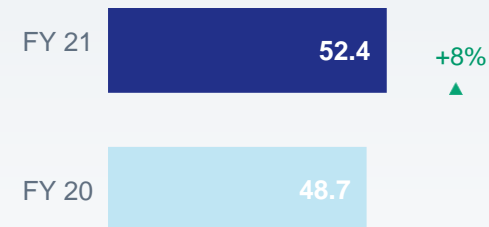


### ST PETERSBURG

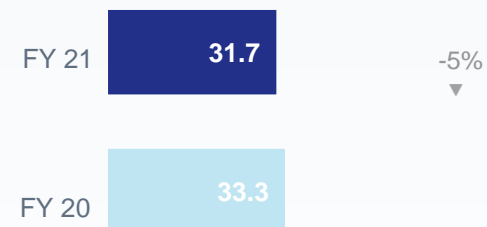


## TOTAL CASH COLLECTIONS RUB bln

### MOSCOW



### ST PETERSBURG



- **Strong sales in Moscow** helped to compensate for the temporary deficit in St Petersburg
- In Moscow new contract sales in monetary terms **grew by 16%**, while total cash collections **increased by 8% y-o-y**
- New contract sales in monetary terms decreased by 9% in St Petersburg. Lower sales were the result of a limited offering in the region
- Recovery of sales in St Petersburg is expected in 2022-2023 when projects acquired in 2021 are launched

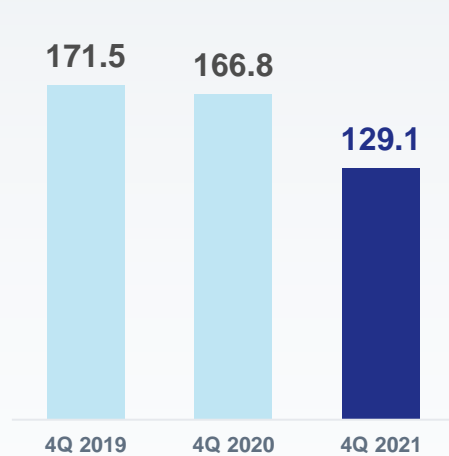


# 4Q 2021

## OPERATING RESULTS

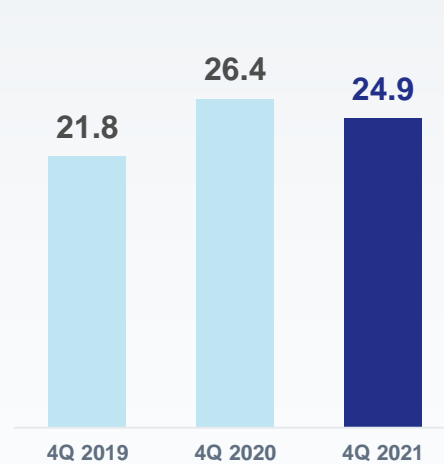
NEW CONTRACT SALES  
ths sqm

▼ -23%



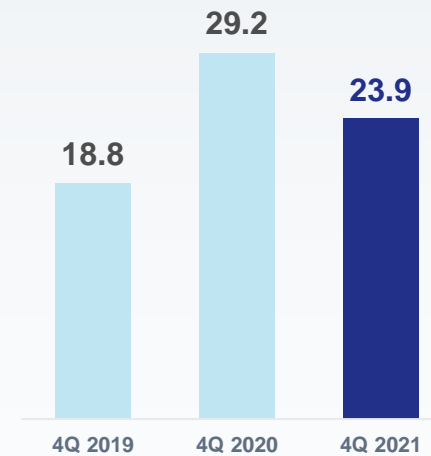
NEW CONTRACT SALES  
RUB bln

▼ -6%



TOTAL CASH COLLECTIONS  
RUB bln

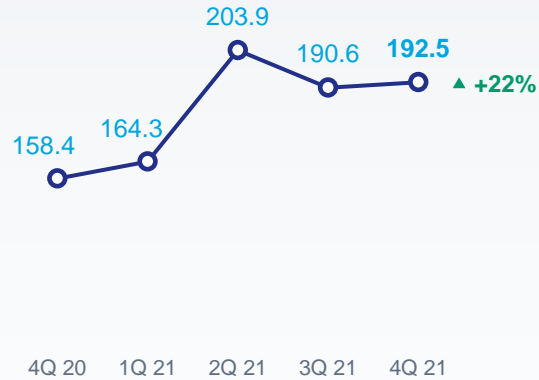
▼ -18%



- New launches supported **positive q/q sales performance in 4Q 2021, with growth of 35% in monetary terms**, compared to 10% q/q growth in 4Q 2020, when sales were boosted by prolongation of the subsidised mortgage programme
- Further increase in available for sale properties will help the Company return to a growth trajectory
- High base effect due to release of pent-up demand in 4Q 2020 after recovery following lifting of lockdown measures and **extension of subsidised mortgage programme** in November 2020
- Cash collections to escrow accounts **amounted to RUB 13.6 bln** in 4Q 2021, up by 50% year-on-year

# AVERAGE PRICE AND DOWN PAYMENT PERFORMANCE

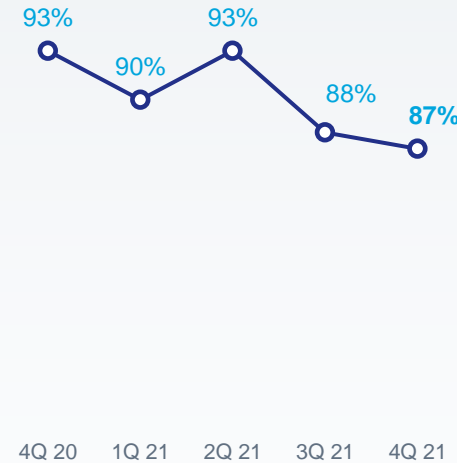
**AVERAGE PRICE**  
RUB ths/sqm



**AVERAGE APARTMENT PRICE**  
RUB ths/sqm



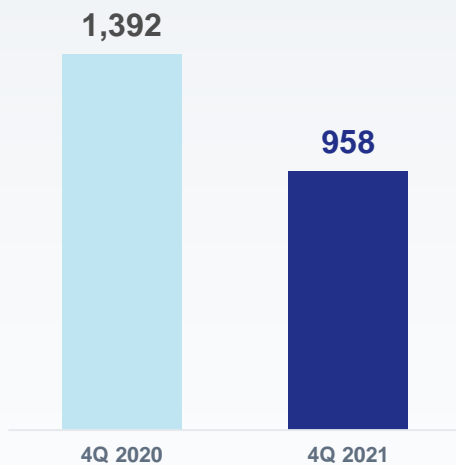
**AVERAGE DOWN PAYMENT**  
%



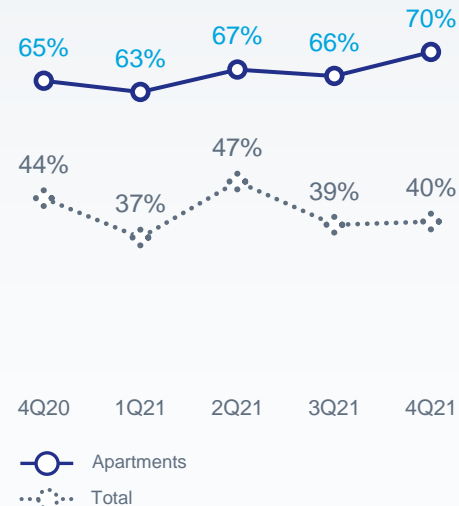
- The launches of ZIL-Yug and Voxhall projects as well as new stage in Nagatino i-Land pushed up the average price in Moscow which will contribute to growth in margins
- Average price for apartments increased by 36% y-o-y to a record high RUB 261.1 ths/sqm
- Average price in St Petersburg was up by 21% to RUB 197.1 ths/sqm
- Average price for apartments in ZIL-Yug reached RUB 330 ths/sqm in 4Q 2021

# MORTGAGE SALES

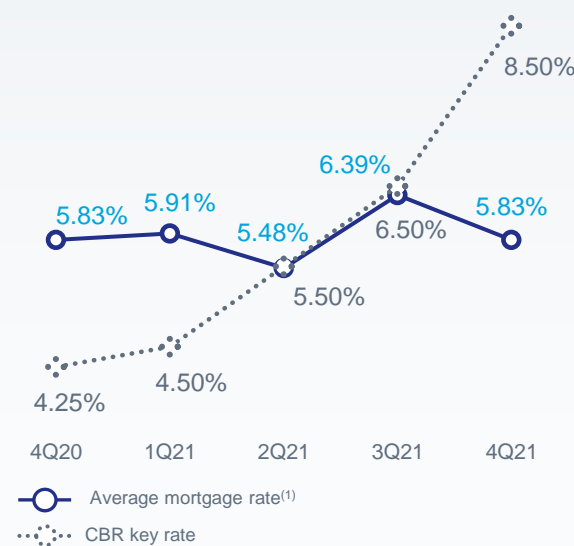
NUMBER OF MORTGAGE CONTRACTS SIGNED



MORTGAGE CONTRACTS AS A SHARE OF SALES



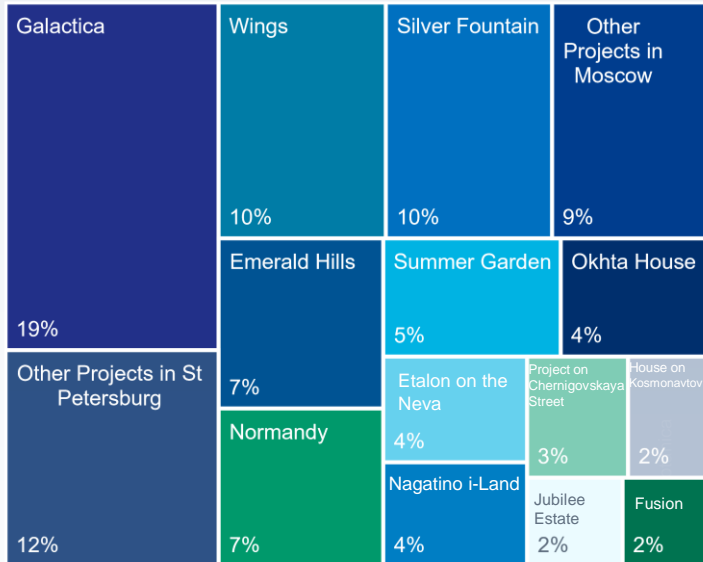
AVERAGE MORTGAGE AND KEY RATE IN RUSSIA



- Despite the rising key rate, average **mortgage rates remained unchanged y-o-y** thanks to subsidised and family mortgage programmes, as well as cooperation programmes with banks
- Despite the change in the subsidised mortgage programme, mortgage contracts as a share of **apartment sales are at 70%, the highest level for the past two years**
- Mortgage contracts as a share of total contracts decreased y-o-y due to the **higher number of parking spaces sold** in 4Q 2021

# SALES PORTFOLIO

4Q 2020 NEW CONTRACT SALES BY PROJECT  
sqm



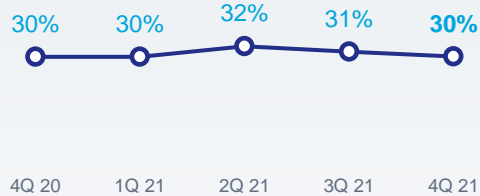
4Q 2021 NEW CONTRACT SALES BY PROJECT  
sqm



- The Zil-Yug flagship project moved into second place in total sales volumes, with almost 30 ths sqm sold since the project was launched
- Galactica remains the largest project in terms of new contract sales with a 21% share of total NCS
- New contract sales in St Petersburg and Moscow respectively amounted to 56% and 44% in sqm terms, and 40% and 60% in monetary terms
- The share of business class projects reached **37% and 59%** in sqm and monetary terms, respectively

# REGIONAL SALES PERFORMANCE

## SHARE OF REGIONAL BUYERS



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

REGION	SHARE OF TOTAL CONTRACTS
Leningrad region	3.0%
Krasnodar Krai	1.2%
Krasnoyarsk Krai	1.1%
Yamalo-Nenets AD	1.0%
Primorsky Krai	0.9%
Agin-Buryat AD	0.9%
Omsk Region	0.9%
Khanty-Mansi AD	0.9%
Bashkortostan	0.8%
Other Russian regions	18.6%
Foreigners	0.7%
<b>TOTAL</b>	<b>30.1%</b>

## REGIONAL POPULATION ACTIVELY BUYS APARTMENTS IN MOSCOW AND ST PETERSBURG



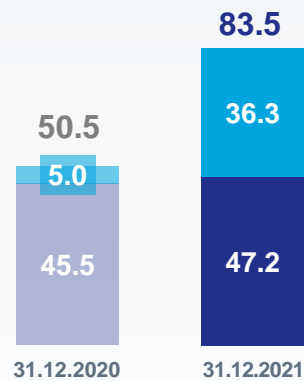
- Etalon Group's sales force focuses on regions with the highest per capita income levels
- Key markets: St Petersburg and Moscow
- New regional markets: Omsk and Novosibirsk
- 59 cities covered by 29 sales offices nationwide
- External professional marketing and sales service agents engaged nationwide

<sup>(1)</sup> Company data for 4Q 2021; change was calculated without rounding

# ROBUST FINANCIAL POSITION AFTER 12M 2021

**TOTAL DEBT**  
RUB bln

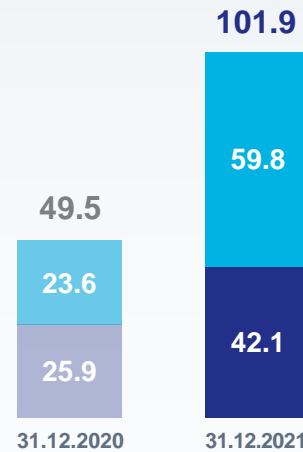
▲ +65%



● Project debt  
● Corporate debt

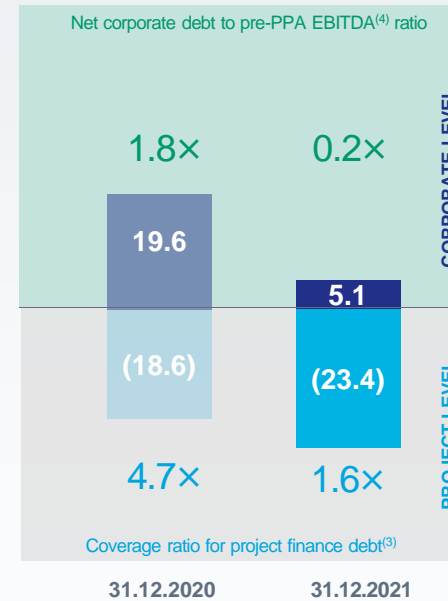
**TOTAL CASH**  
RUB bln

▲ +106%



● Cash in escrow accounts  
● Cash & cash equivalents<sup>(1)</sup>

**NET DEBT (CASH)**  
RUB bln



● Net project debt (cash)<sup>(2)(3)</sup>  
● Net corporate debt

- Net corporate debt decreased from RUB 19.6 bln as of 31.12.2020 to **RUB 5.1 bln** at 31.12.2021
- Etalon Group has a very comfortable financial position to continue its acquisition programme
- All project finance obligations are well covered to access reduced interest rates ranging from 0.01% to 3.5%
- Average cost of borrowings declined from 8.3% at the end of 2020 to 6.52% at the end of 2021

Source: IFRS Financial statements, Company data; y-o-y change and net debt level were calculated without rounding

<sup>(1)</sup> Including bank deposits over 3 months; excluding cash collections in escrow accounts

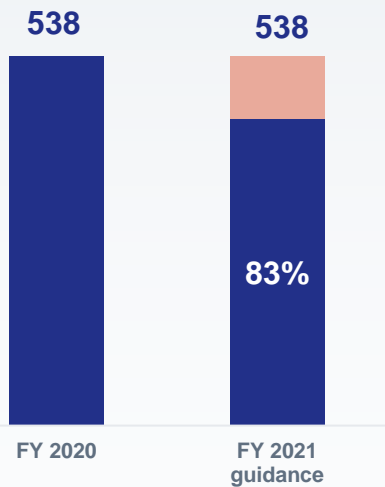
<sup>(2)</sup> Project finance debt less cash on escrow accounts

<sup>(3)</sup> Projects debt used in calculation of coverage ratio includes escrow adjustments

<sup>(4)</sup> LTM 1H 2021 EBITDA used in calculation for 31.12.2021 ratio

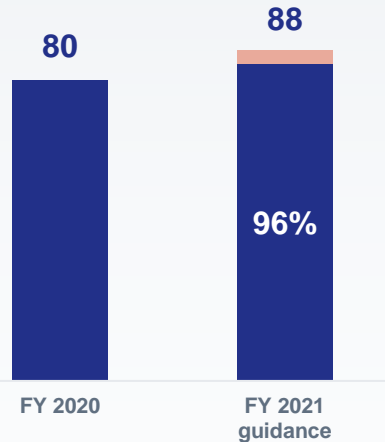
# FY 2021 PERFORMANCE AGAINST FY 2021 GUIDANCE

**NEW CONTRACT SALES**  
ths sqm



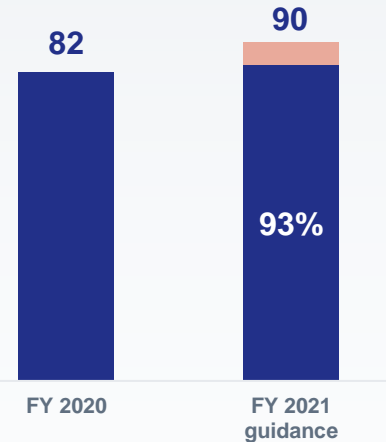
● Actual performance  
● Forecast performance

**NEW CONTRACT SALES**  
RUB bln



● Actual performance  
● Forecast performance

**TOTAL CASH COLLECTIONS**  
RUB bln



● Actual performance  
● Forecast performance

- 2021 guidance figures were not achieved mainly due to the temporary shortage of supply in St Petersburg and insufficient levels of new launches in sqm
- Projects with a total NSA of 1.9 mln sqm purchased in 2021 were not launched that year and will **start having a positive impact on sales in 2022 and onwards**

# TRANSFORMATION IN 2021 AND EXPECTATIONS FOR 2022





# STRATEGY IMPLEMENTATION

## GOALS STATED AT 2020 CMD

## CURRENT STATUS

## MEASURES PLANNED FOR 2022 TO ACHIEVE TARGETS

1  
2  
3  
4  
5  
6  
7

**STRONG DOUBLE DIGIT  
NEW CONTRACT SALES GROWTH**



Achieved single digit growth in 2021 due to limited projects available for sale and insufficient new launches in 2021

Increase in launches in 2022 and onwards **will help to return sales growth to the target level**

**PRE-PPA GROSS MARGIN OF 35%**



Etalon reported **38% pre-PPA gross margin** as of 1H 2021

Product standardisation and new construction technologies aim at reducing costs will help to maintain target profitability level even in softer pricing environment

**SG&A TO REVENUE C. 10%**



Etalon is on track to achieve target ratio: in **1H 2021 SG&A to revenue decreased by 3.p.p.** y-o-y to 11%

Further decrease of SG&A expenses to the target level is expected to be driven by operational efficiency and continued optimisation

**NET CORPORATE DEBT TO PRE-PPA  
EBITDA IN A RANGE OF 2x–3x**



Net corporate debt as of 31.12.2021 to 1H 2021 pre-PPA **LTM EBITDA ratio stood at 0.2x**

Strong financial position makes it possible to further scale up operations

**PORTFOLIO EXPANSION BY >6 MLN SQM  
AND ENTRANCE INTO AT LEAST 5 NEW  
REGIONS BY 2024**



In 2021 Etalon **purchased 1.9 mln sqm and entered into 2 new regions**

In 2022 the Company plans to purchase **3.5 mln sqm** in current and in three new regions

**NEW CONSTRUCTION TECHNOLOGIES**



Etalon already acquired technology for modular construction

Pilot modular production to be launched by the end of 2022

**FIXED MINIMUM DIVIDEND**



Fixed dividend replaced by growing dividend payouts. New base: 40-70% of pre-PPA IFRS net income. Dividend recommendation and payment dates were fixed

**Growing dividend payments** as business expands and net profit performance improves. Further plans to formalise dividend policy

# NEW ACQUISITIONS AND LAUNCHES TO SUPPORT SALES IN 2022 AND ONWARD

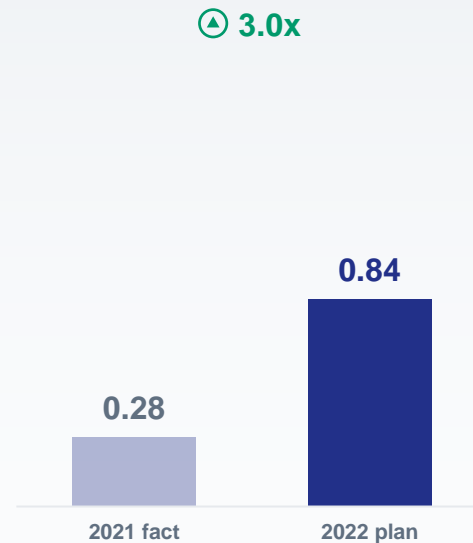
## ACQUISITIONS PROGRAMME

NSA, mln sqm<sup>(1)</sup>



## NEW LAUNCHES

NSA, mln sqm<sup>(1)</sup>



- Etalon Group is on track to complete its acquisition programme both in core and new regions
- Etalon Group is also considering **non-organic growth opportunities in St Petersburg** to compensate for the deficit of in properties available for sale. For its further **regional expansion Etalon is looking at different forms of joint ventures**
- In order to support sales in 2022 new launches in sqm will be increased by at least 3x

# NEW LAUNCHES IN RUSSIAN REGIONS

LAUNCHES OF PROJECTS FROM THE REGIONAL PORTFOLIO WILL DIVERSIFY ETALON'S OFFERING AND SUPPORT SALES

## GREEN RIVER (OMSK)



Project visualisation

Construction timeline

**2021-2030**

Planned launch

**1Q 2022**

Total NSA

**1.4 mln sqm**

Residential &  
commercial NSA

**1.0 mln sqm**

The residential complex will be developed in line with the "City within a City" concept. The first phase will include 14 residential buildings with an expected NSA of about 150 ths sqm, a preschool, integrated commercial space and parking lots.

## NOVOSIBIRSK



City view

Construction timeline

**2022-2026**

Planned launch

**3Q 2022**

Total NSA

**0.3 mln sqm**

Residential &  
commercial NSA

**0.26 mln sqm**

The development site is located within the Novosibirsk metropolitan area, just 25 km from Novosibirsk. Akademgorodok and the Academpark business incubator are within 25 minutes' drive.

ETALON

# SELECTED PROJECTS



# GALACTICA

JANUARY 2022



**TOTAL NSA**  
**764 ths sqm**

**OPEN MARKET VALUE<sup>(1)</sup>**  
**RUB 21,620 mln**

**INCOME FROM SALES<sup>(1)</sup>**  
**RUB 77,863 mln**

DECEMBER 2020

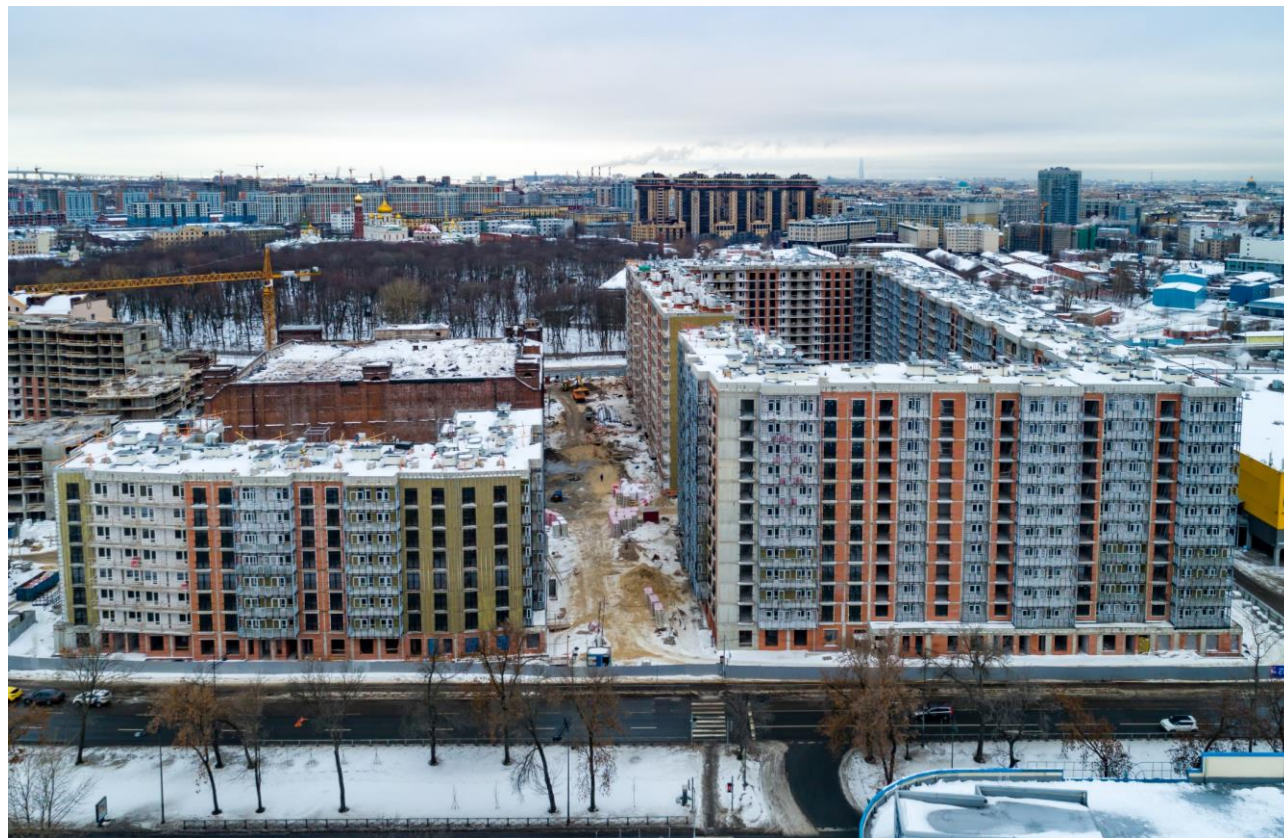


**REGION**  
**St Petersburg**

<sup>(1)</sup> Colliers International estimate as of 31.12.2020.

# PROJECT ON CHERNIGOVSKAYA STREET

JANUARY 2022

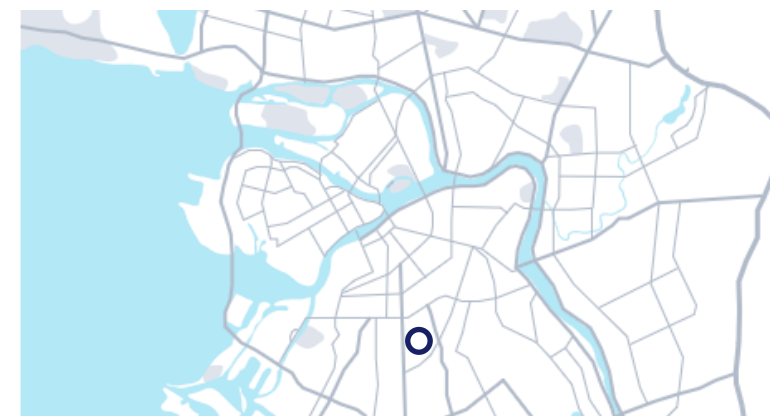


**TOTAL NSA**  
**110 ths sqm**

**OPEN MARKET VALUE<sup>(1)</sup>**  
**RUB 5,359 mln**

**INCOME FROM SALES<sup>(1)</sup>**  
**RUB 18,383 mln**

DECEMBER 2020



**REGION**  
**St Petersburg**

<sup>(1)</sup> Colliers International estimate as of 31.12.2020.

# PETROVSKIY LANDMARK

JANUARY 2022

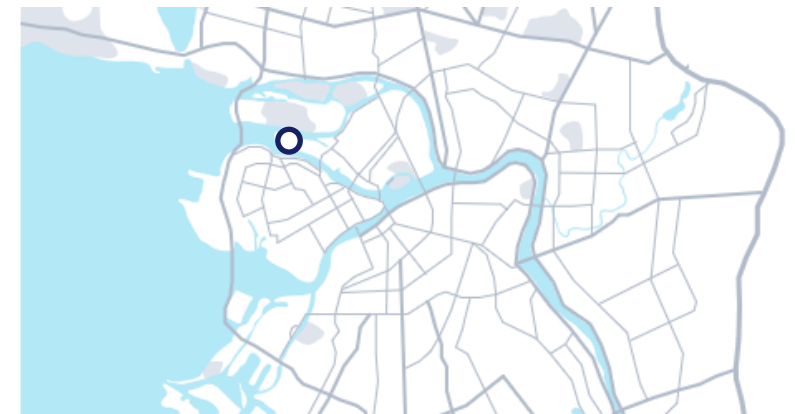


**TOTAL NSA**  
**89 ths sqm**

**OPEN MARKET VALUE<sup>(1)</sup>**  
**RUB 4,941 mln**

**INCOME FROM SALES<sup>(1)</sup>**  
**RUB 15,316 mln**

DECEMBER 2020



**REGION**  
**St Petersburg**

<sup>(1)</sup> Colliers International estimate as of 31.12.2020.

# DOMINO

JANUARY 2022



**TOTAL NSA**  
**39 ths sqm**

**OPEN MARKET VALUE<sup>(1)</sup>**  
**RUB 2,696 mln**

**INCOME FROM SALES<sup>(1)</sup>**  
**RUB 7,199 mln**

VISUALISATION



**REGION**  
**St Petersburg**

<sup>(1)</sup> Colliers International estimate as of 31.12.2020.



# ZIL-YUG

JANUARY 2022



**TOTAL NSA**  
**1,403 ths sqm**

**OPEN MARKET VALUE<sup>(1)</sup>**  
**RUB 64,121 mln**

**INCOME FROM SALES<sup>(1)</sup>**  
**RUB 360,185 mln**

VISUALISATION



**REGION**  
**Moscow**

<sup>(1)</sup> Colliers International estimate as of 31.12.2020.

# EMERALD HILLS

JANUARY 2022



DECEMBER 2020



REGION  
Moscow region

TOTAL NSA  
857 ths sqm

OPEN MARKET VALUE<sup>(1)</sup>  
RUB 1,519 mln

INCOME FROM SALES<sup>(1)</sup>  
RUB 60,209 mln

<sup>(1)</sup> Colliers International estimate as of 31.12.2020.

# NAGATINO I-LAND

JANUARY 2022

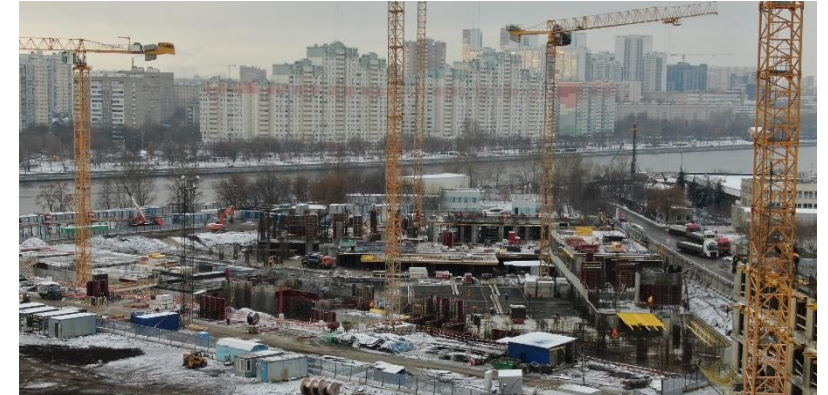


**TOTAL NSA**  
**329 ths sqm**

**OPEN MARKET VALUE<sup>(1)</sup>**  
**RUB 23,237 mln**

**INCOME FROM SALES<sup>(1)</sup>**  
**RUB 73,177 mln**

DECEMBER 2020



**REGION**  
**Moscow**

# SILVER FOUNTAIN

JANUARY 2022



DECEMBER 2020



REGION  
Moscow

TOTAL NSA  
226 ths sqm

OPEN MARKET VALUE<sup>(1)</sup>  
RUB 17,973 mln

INCOME FROM SALES<sup>(1)</sup>  
RUB 45,493 mln

<sup>(1)</sup> Colliers International estimate as of 31.12.2020.

# WINGS

JANUARY 2022



**TOTAL NSA**  
**184 ths sqm**

**OPEN MARKET VALUE<sup>(1)</sup>**  
**RUB 2,769 mln**

**INCOME FROM SALES<sup>(1)</sup>**  
**RUB 30,947 mln**

DECEMBER 2020



**REGION**  
**Moscow**

<sup>(1)</sup> Colliers International estimate as of 31.12.2020.

# SCHASTYE NA LOMONOSOVSKOM

JANUARY 2022



DECEMBER 2020



REGION  
Moscow

TOTAL NSA  
6 ths sqm

OPEN MARKET VALUE<sup>(1)</sup>  
RUB 860 mln

INCOME FROM SALES<sup>(1)</sup>  
RUB 2,092 mln

<sup>(1)</sup> Colliers International estimate as of 31.12.2020.

# SCHASTYE NA SEMYONOVSKOY

JANUARY 2022



**TOTAL NSA**  
**6 ths sqm**

**OPEN MARKET VALUE<sup>(1)</sup>**  
**RUB 868 mln**

**INCOME FROM SALES<sup>(1)</sup>**  
**RUB 1,517 mln**

DECEMBER 2020



**REGION**  
**Moscow**

<sup>(1)</sup> Colliers International estimate as of 31.12.2020.

The image shows a modern, multi-story brick residential building complex. The architecture features large windows and a mix of brickwork. In the foreground, there is a courtyard with a playground area, including a hammock and various play structures. Several people, including children and adults, are seen in the courtyard, suggesting a community-oriented environment. The scene is set against a clear blue sky with some light clouds. The overall atmosphere is bright and sunny.

**ETALON**

**FY AND 4Q 2021  
OPERATING RESULTS**