

2014 Financial results

Investor presentation

24 March 2015



Etalon Group

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Today's presenting team



Viacheslav Zarenkov

**Chairman of the
Board of Directors**

**Founding shareholder and
President of Etalon Group**

Founded Etalon in 1987



Anton Evdokimov

**Chief Executive Officer
Member of the Board of
Directors**

With Etalon Group since 1998



Boris Svetlichny

**Chief Financial Officer
Member of the Board of
Directors**

With Etalon Group since 2013



Kirill Bagachenko

**Head of Corporate Investments
and IR**

**Member of the Board of
Directors**

With Etalon Group since 2013



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Financial results

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Landbank valuation

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Appendix

Summary

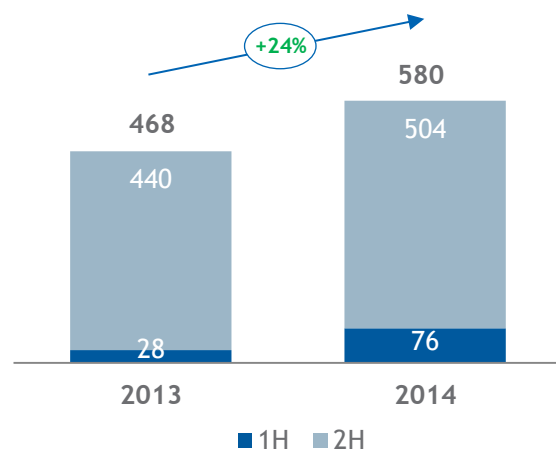
- 1** Strong operating results in 2014, with deliveries up 24% and new contract sales up 28% (in sqm)
- 2** Robust financial performance, with revenue up 29% to RUB 51.5 billion and net income up 26% to RUB 8.4 billion
- 3** Project portfolio grew in value by 17% to RUB 104.3 billion, or RUB 357 per share (source: JLL portfolio valuation as of 31 December 2014)
- 4** Balance sheet remains exceptionally strong, with net debt of only RUB 636 million (0.06x net debt / EBITDA)
- 5** Etalon Group is well positioned to continue creating shareholder value in a more complicated macro environment

Financial results

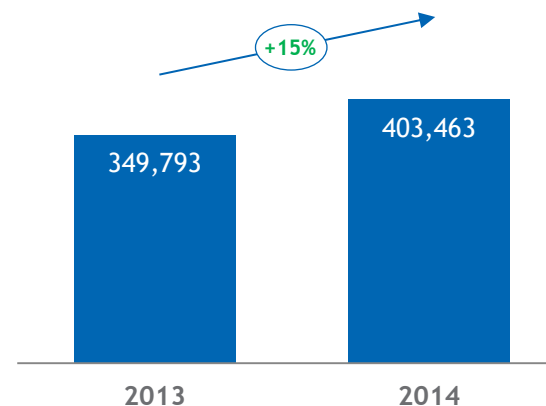


Etalon Group delivered record volumes of high-quality housing on schedule

Deliveries, ths sqm



Transfers h-o-h, sqm



2014 project deliveries breakdown

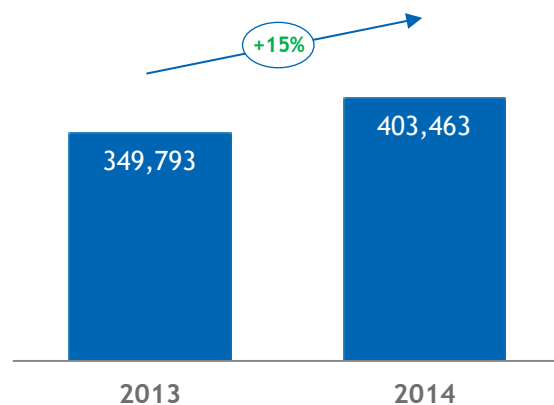
Project	NSA delivered in 2014, ths sqm
Emerald Hills	133
Rechnoy	111
Molodejny	107
Tsar's Capital	107
Swallow's Nest	83
Galant	39
Total	580

- Etalon Group successfully delivered on its construction plan in 2014, completing 580 ths sqm of NSA for the year, an increase of 24% compared to 2013 and an all-time record for the Company.
- During 2014 Etalon delivered a total of 16 buildings containing 8,055 flats at ongoing projects including Tsar's Capital, Swallow's Nest, Molodejny and Emerald Hills, as well as at Rechnoy and Galant, where the Company completed construction work.

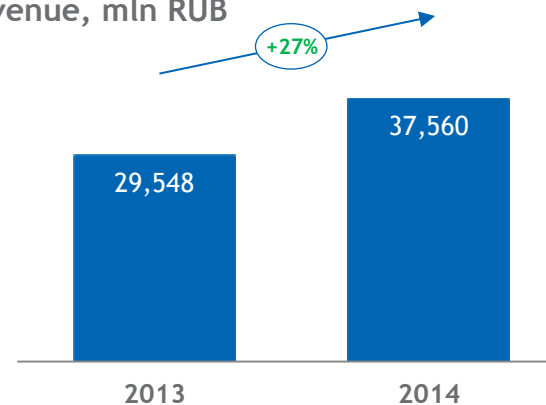
Source: Company data

Strong operating results reflected in robust financial performance

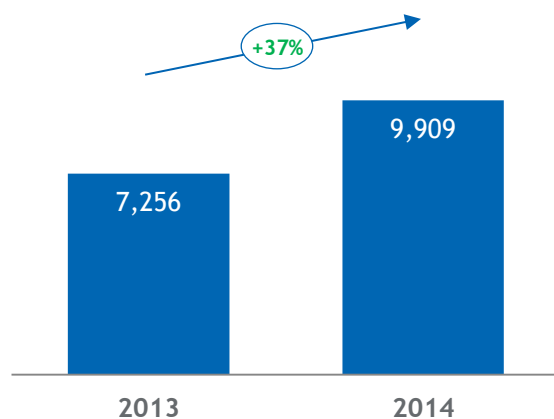
Transfers to customers, sqm



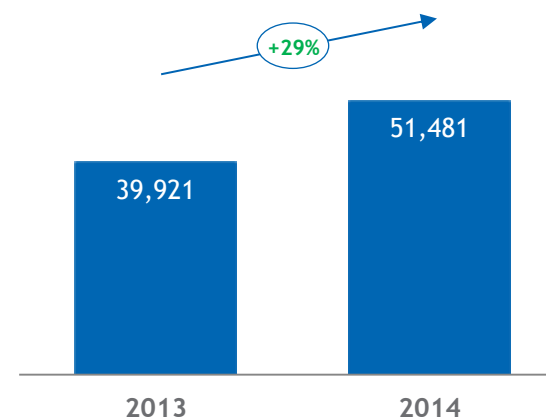
Residential real estate development revenue, mln RUB



Construction services revenue from third parties/external, mln RUB



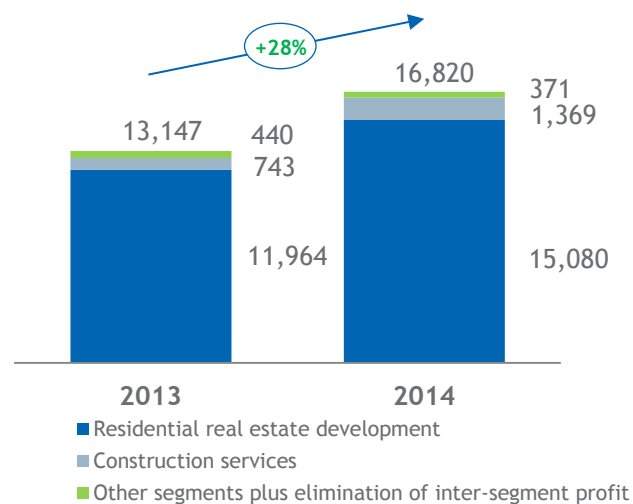
Total revenue, mln RUB



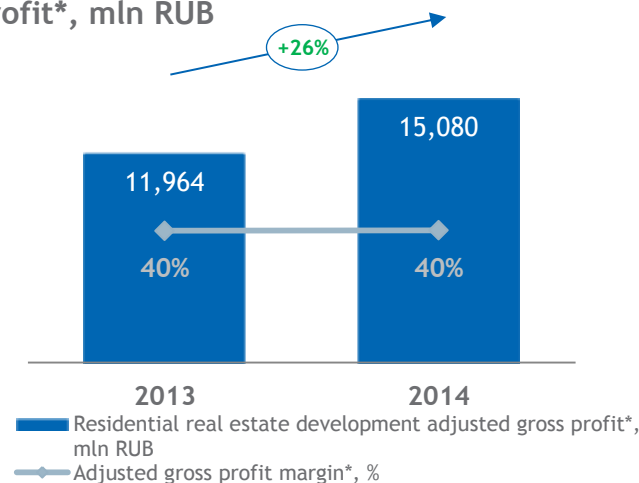
Source: IFRS financial statements, Company information

Healthy profitability levels maintained

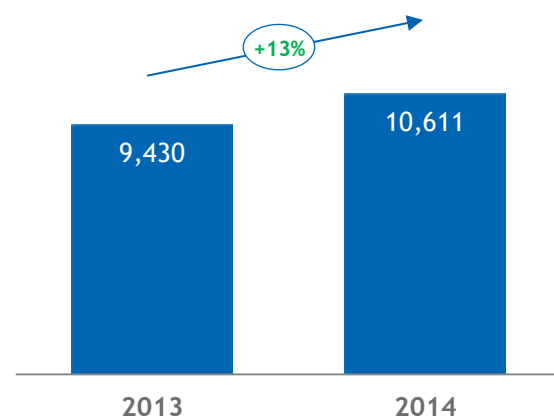
Adjusted gross profit*, mln RUB



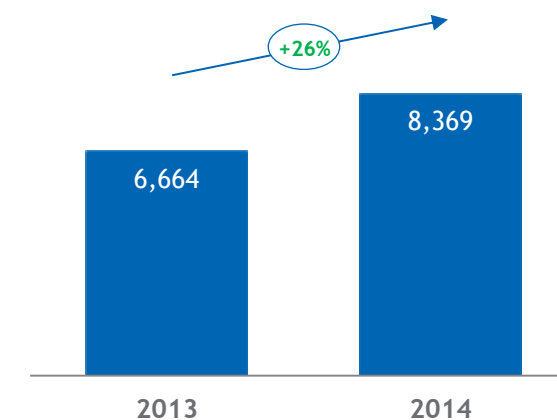
Residential real estate development adjusted gross profit*, mln RUB



EBITDA, mln RUB



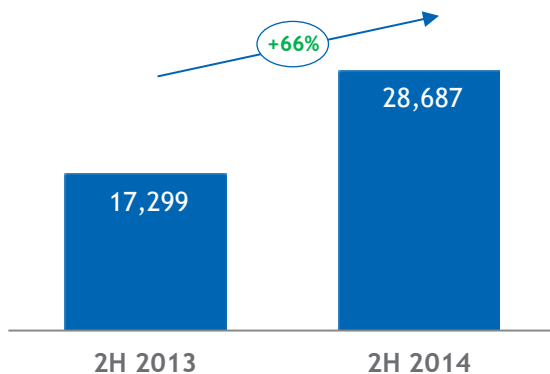
Net income, mln RUB



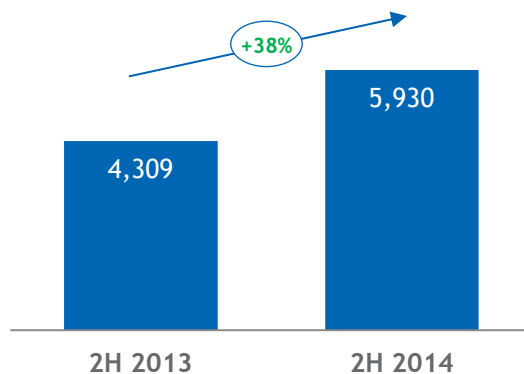
Excellent financial performance in 2H 2014

Revenue

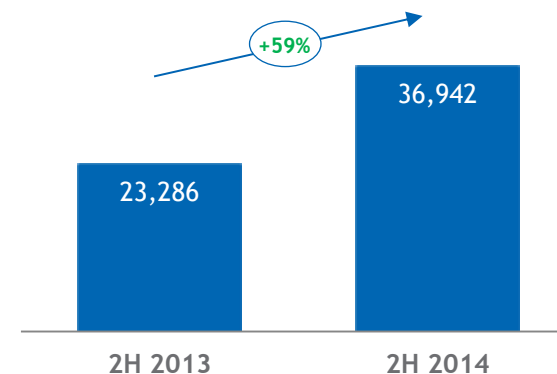
Residential real estate development revenue, mln RUB



Construction services revenue from third parties/external, mln RUB

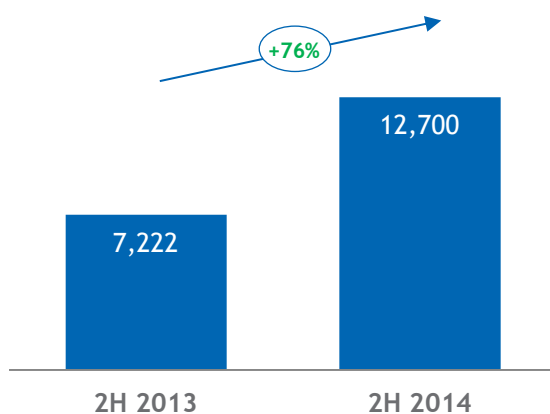


Total revenue, mln RUB

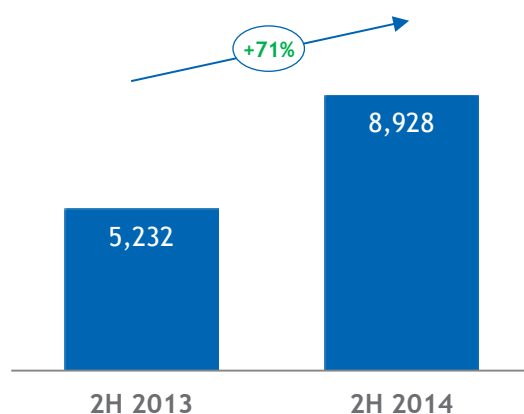


Profitability

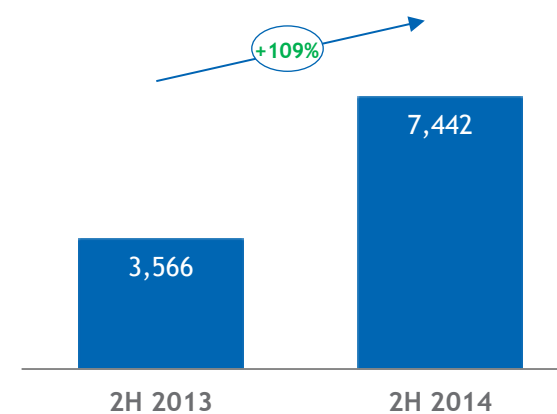
Adjusted gross profit*, mln RUB



EBITDA, mln RUB



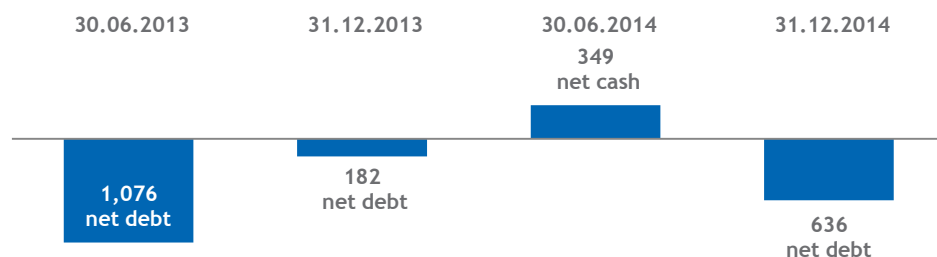
Net income, mln RUB



Source: IFRS financial statements

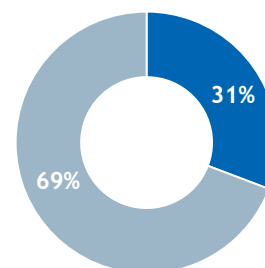
Strong balance sheet secured by robust cash collections

Liquidity position, RUB mln⁽¹⁾

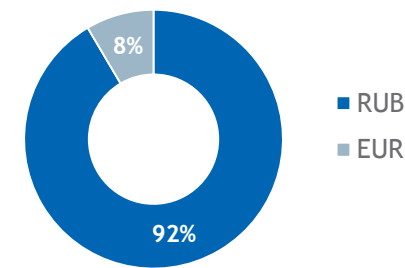


Gross debt composition (as of 31/12/2014)⁽¹⁾

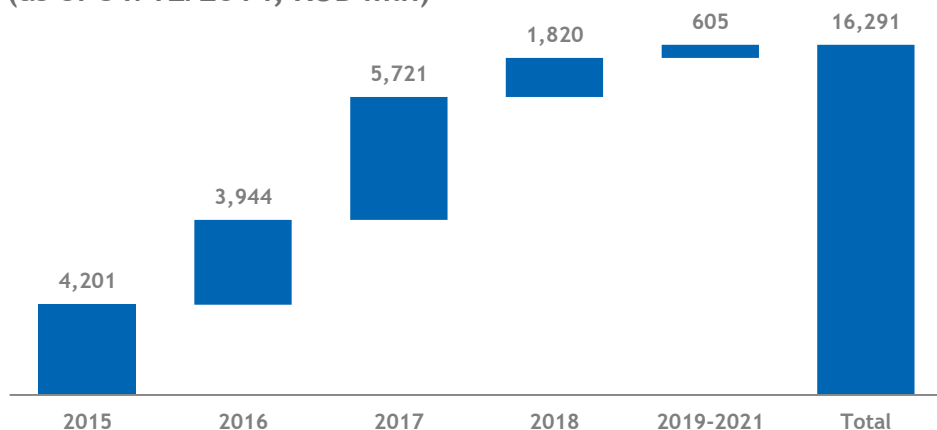
By type of facility



By currency



Debt maturity profile
(as of 31/12/2014; RUB mln)⁽²⁾



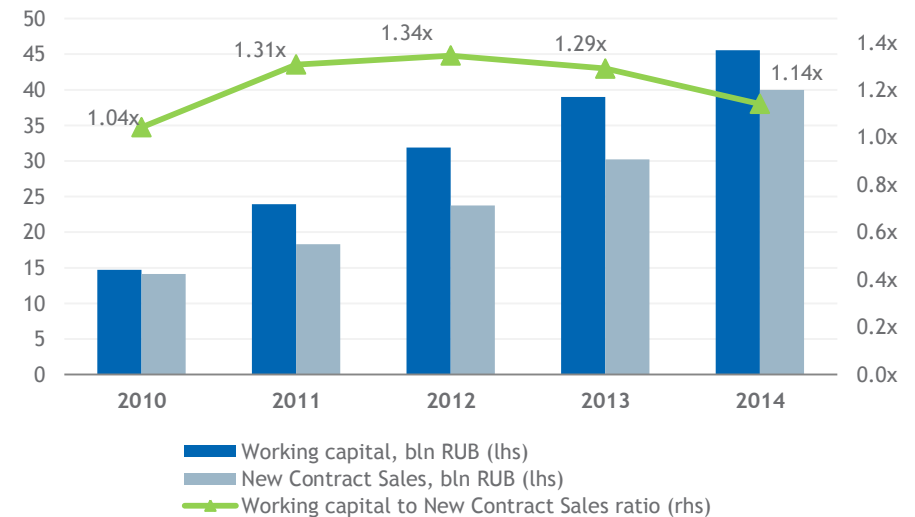
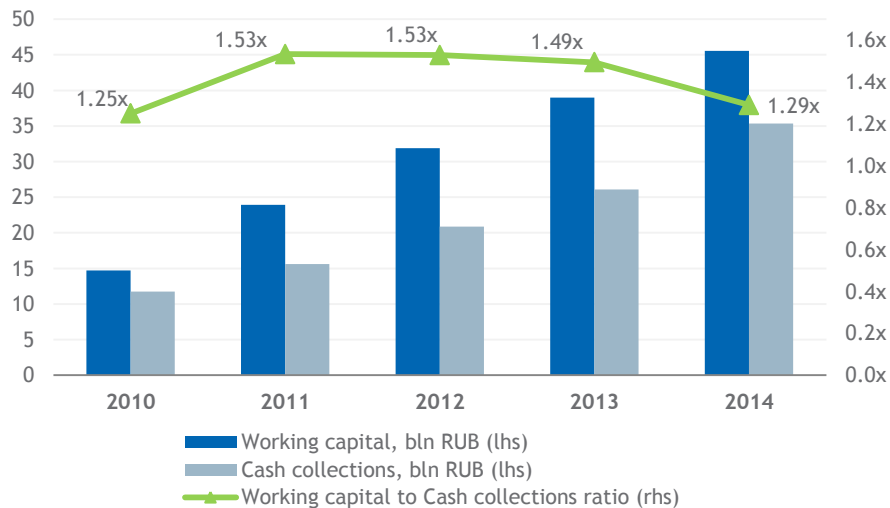
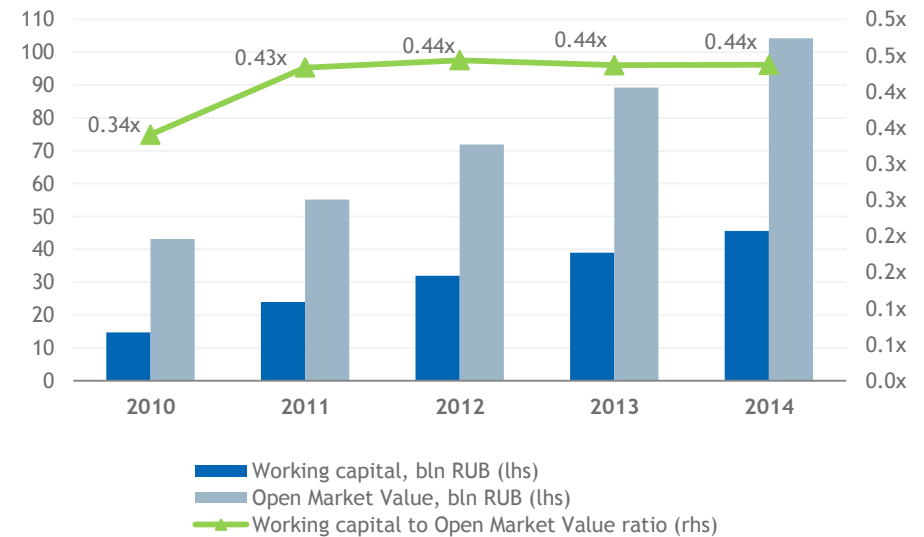
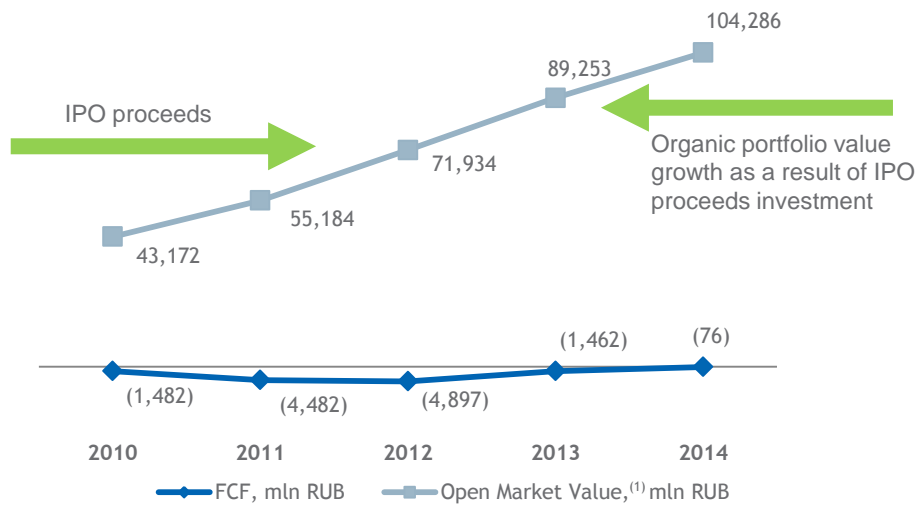
Highlights

- Company estimates that only c. 15% of total construction costs linked to USD
- Foreign currency denominated cash to debt ratio is 3.5 (as of 31 December 2014)
- 0.06x Net debt/EBITDA (as of 31 December 2014)

USD/RUB fx rate as of 31 December 2014 56.26

EUR/RUB fx rate as of 31 December 2014 68.34

Balanced growth strategy



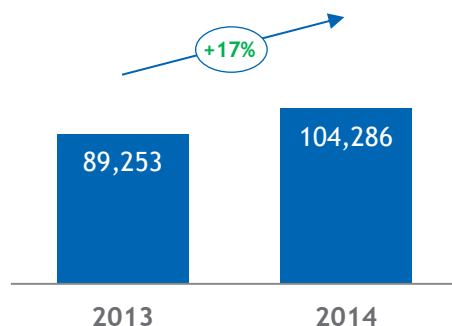
Note: for FCF and Working capital detailed calculations please refer to pp. 43-44
 (1) JLL land bank valuation report as of 31.12.2014

2014 Landbank valuation

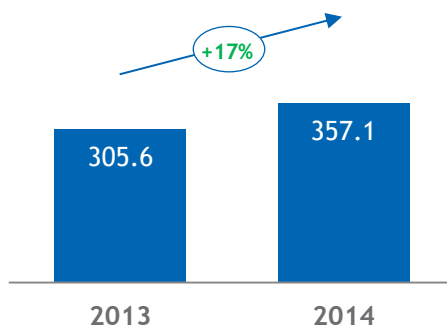


Etalon Group's portfolio grew in value again in 2014 despite the more complex macro environment

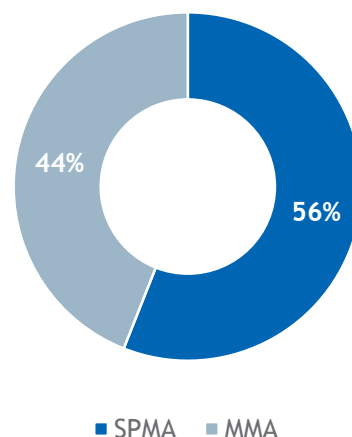
Open market value,
RUB mln



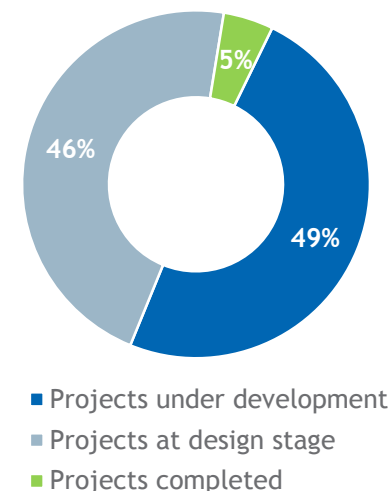
Open market value per
share, RUB



Breakdown by region



Breakdown by stage of
development



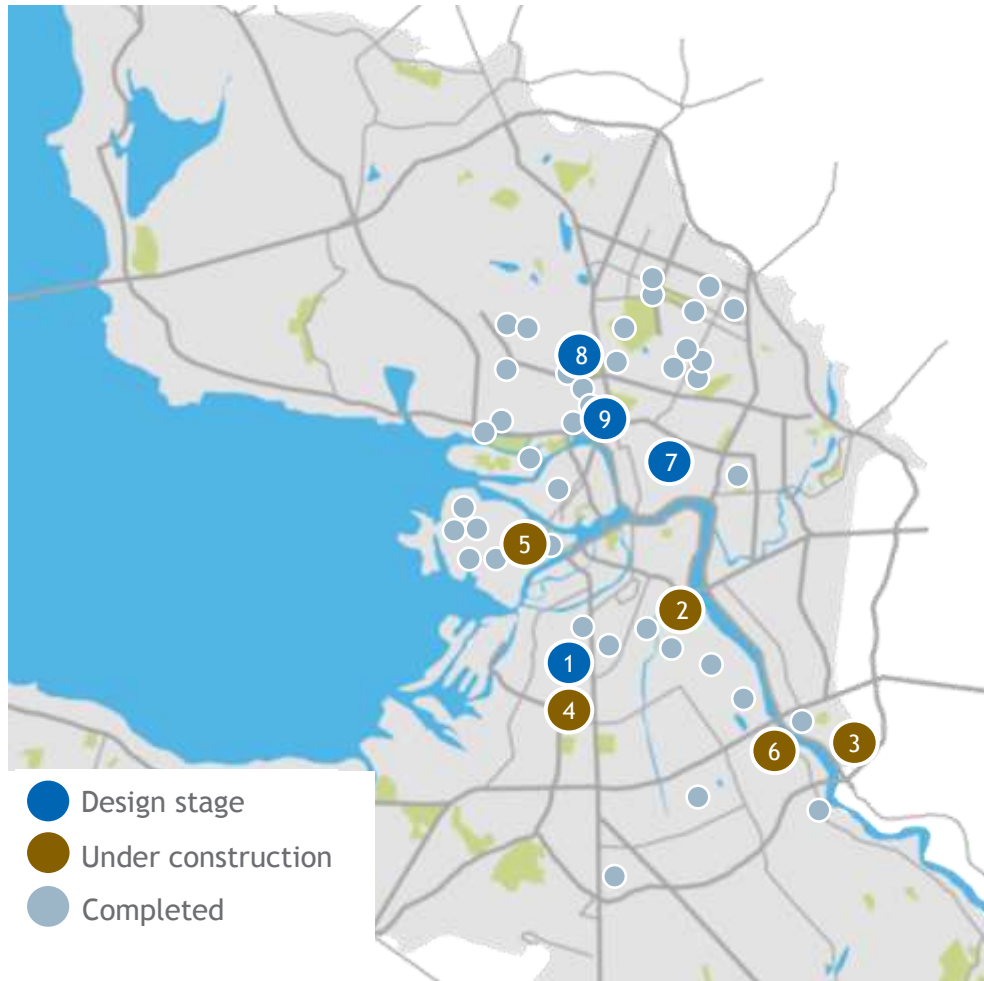
Sustainable growth of open market value based on well diversified portfolio

- Market value of the Group's portfolio as of 31 December 2014 reached RUB 104,286 million, up 17% year-on-year
- Landbank volume remained generally stable at 3.11 million sqm of unsold NSA
- The Company acquired one new project in St. Petersburg during 2014
- The share of MMA projects reached 44%, up 2 p.p. year-on-year
- The portfolio includes 432 thousand sqm of completed & available for sale property at projects that are completed or still underway, out of which completed & available for sale apartments account for 220 thousand sqm. JLL estimates potential income from the sale of these properties at RUB 28,863 million and RUB 22,853 million, respectively

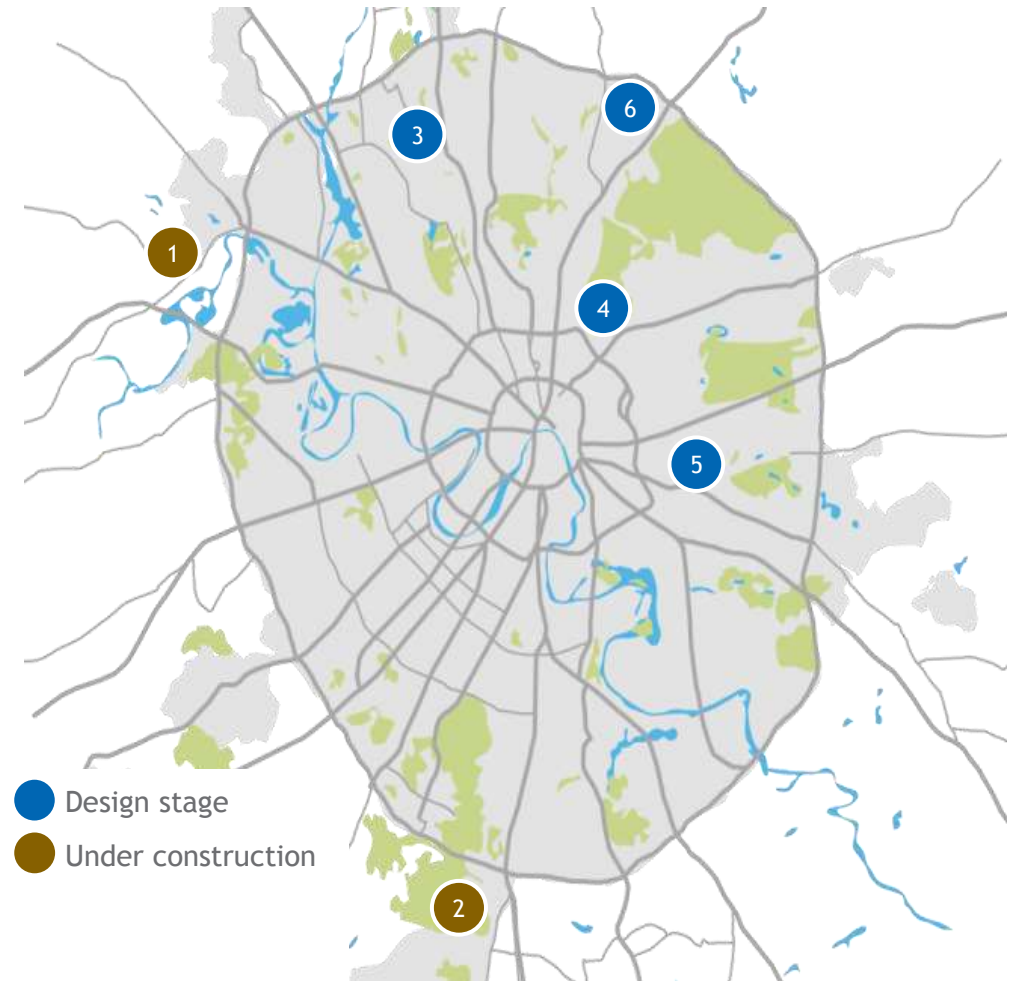
Source: JLL estimate as of 31.12.2014

Operations in SPMA and MMA

Projects in St. Petersburg Metropolitan Area



Projects in Moscow Metropolitan Area



Etalon Group portfolio: high quality projects diversified across the two most lucrative macro regions in Russia

Project	Status	Total NSA (‘000 sqm)	Unsold NSA (Etalon’s share) (‘000 sqm) ⁽¹⁾	Unsold parking (lots), #	OMV (RUBmln)	Income from sales (RUBmln) ⁽²⁾	Construction budget (RUBmln) ⁽³⁾	Outstanding budget (RUBmln) ⁽³⁾
Current Projects								
St. Petersburg Metropolitan Area (SPMA)								
1. Galactica	Design stage	779.4	631.5	4,238	8,182	78,557	38,978	37,520
2. Tsar’s Capital	Construction	392.4	216.3	2,089	13,197	33,225	15,374	6,868
3. Swallow’s Nest	Construction	333.6	149.0	1,582	8,720	22,932	13,365	1,880
4. Moscow Gates	Construction	234.1	202.0	884	7,104	25,662	10,136	8,122
5. Samotsvety	Construction	205.8	179.6	1,654	8,613	22,614	8,466	5,757
6. Molodejny	Construction	111.8	25.8	491	935	8,545	4,352	1,140
7. Polyustrovskiy prospect	Design stage	91.3	91.3	530	1,098	6,965	3,377	3,377
8. Technopark	Design stage	51.0	51.0	440	572	4,451	3,571	3,089
9. Beloostrovskaya	Design stage	42.9	41.0	277	383	3,588	2,290	2,281
Total SPMA		2,242.3	1,587.6	12,185	48,804	206,540	99,909	70,033
Moscow Metropolitan Area (MMA)								
1. Emerald Hills	Construction	864.8	479.3	3,174	18,484	66,218	37,548	17,094
2. Etalon-City	Construction	372.2	272.3	2,276	8,871	34,955	17,575	15,531
3. Dmitrovskoe shosse	Design stage	322.3	266.1	2,122	5,276	33,604	16,696	16,579
4. Alekseevskiy District	Design stage	179.5	169.6	2,160	6,835	23,957	8,973	8,903
5. Budennogo street	Design stage	119.0	110.7	936	3,825	13,950	5,836	5,763
6. Losinoostrovskiy District	Design stage	91.5	83.9	851	3,032	11,635	4,372	4,351
Total MMA		1,949.3	1,381.8	11,519	46,323	184,319	90,998	68,222
Total Current Projects		4,191.6	2,969.4	23,704	95,127	390,859	190,907	138,255
Completed Projects								
Residential property in completed projects			124.5	3,219	8,198			
Completed stand-alone commercial properties			20.4	59	961			
Total Completed Projects			144.9	3,278	9,159			
All Projects								
Total Etalon Group			3,114.3	26,982	104,286			

Source: construction period based on company estimates, all numbers based on JLL report as of 31.12.2014

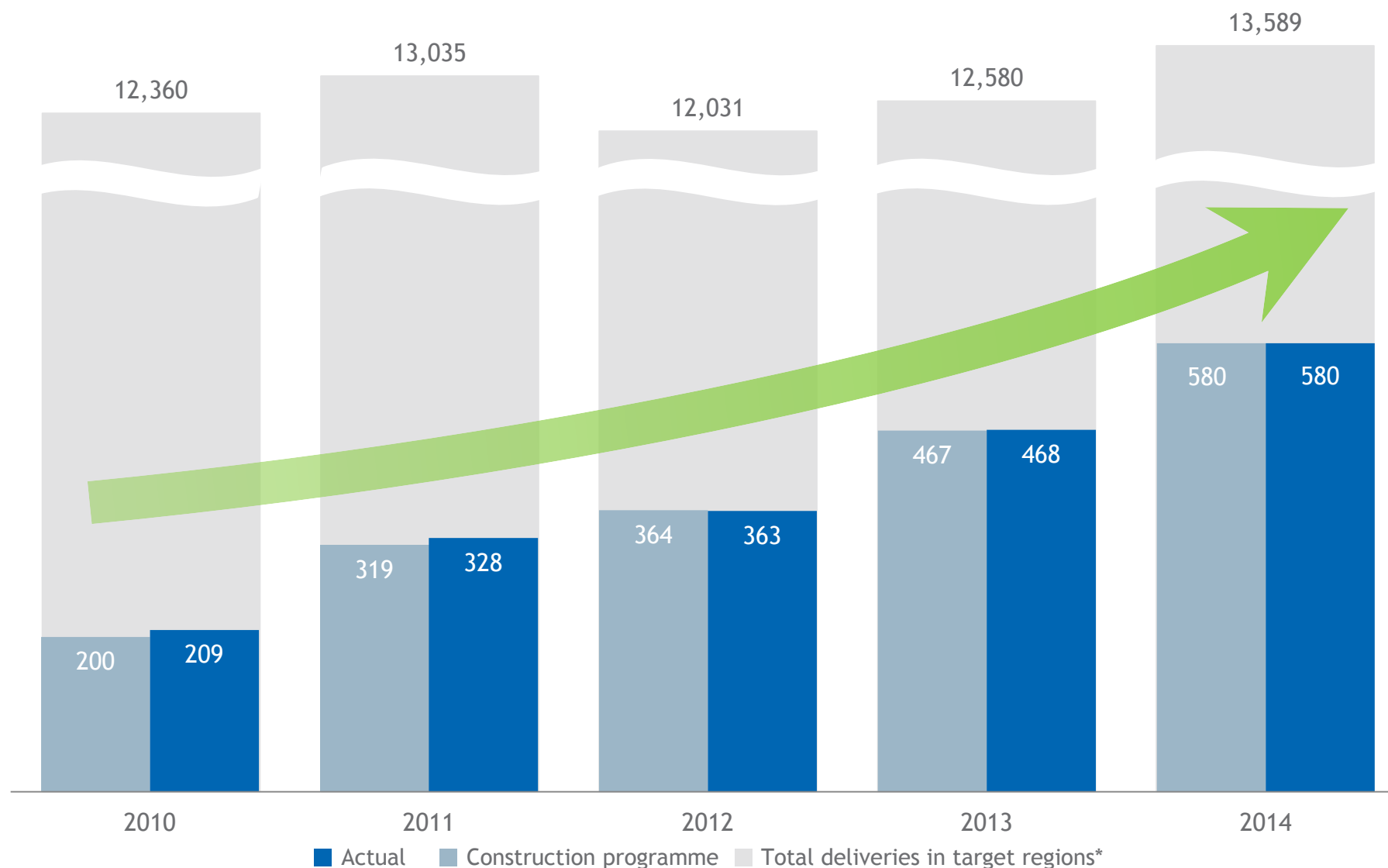
(1) Including parking with average area c. 30 sqm

(2) Income from sales includes potential and received incomes as of 31 December 2014

(3) Excluding land acquisition costs

FY 2014 construction volumes: yet another year of successful growth

Construction programme, ths sqm of NSA



Source: Company estimates

*Calculations of total deliveries in target markets (MMA and St. Petersburg) for 2010-2013 are based on GKS data, 2014 total deliveries based on GKS data and preliminary announcements of Moscow region Government representatives

Summary of 2015 planned deliveries

Project deliveries breakdown for 2015

Project		Region	NSA to be delivered in 2015, ths sqm
1	Tsar's Capital	SPMA	158
2	Samotsvety	SPMA	128
3	Moscow Gates	SPMA	66
4	Emerald Hills	MMA	65
5	Etalon City	MMA	43
6	Swallow's Nest	SPMA	40
Total			500

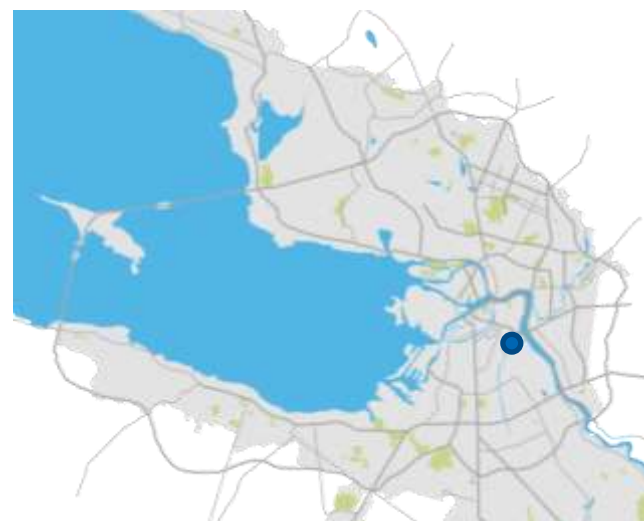
Source: Company estimates

Tsar's Capital

February 2015



December 2013



Total NSA 392 ths sqm

Planned 2015 deliveries
158 ths sqm

Open Market Value*
RUB 13,197 mln

Income from sales*
RUB 33,225 mln

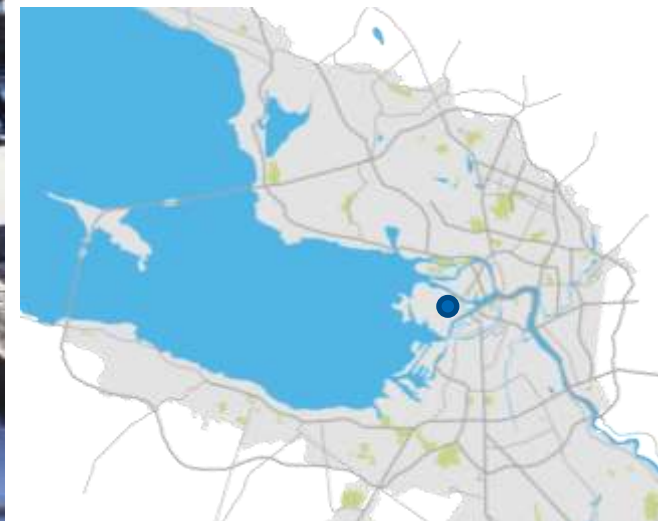
*JLL estimate as of 31.12.2014

Samotsvety

February 2015



December 2013



Total NSA 206 ths sqm

Planned 2015 deliveries
128 ths sqm

Open Market Value*
RUB 8,613 mln

Income from sales*
RUB 22,614 mln

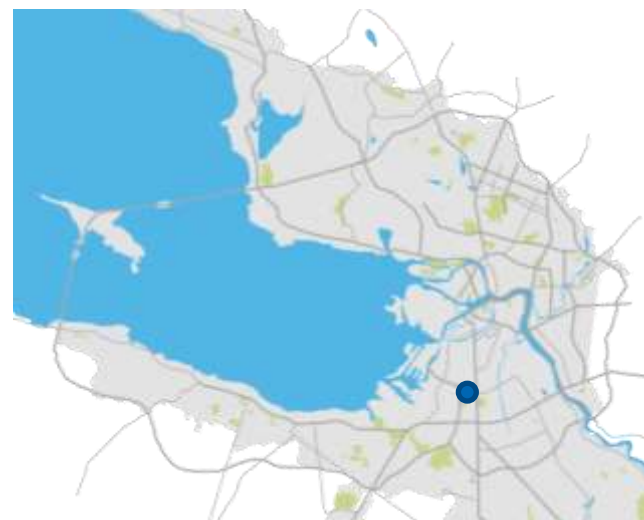
*JLL estimate as of 31.12.2014

Moscow Gates

February 2015



December 2013



Total NSA 234 ths sqm

Planned 2015 deliveries
66 ths sqm

Open Market Value*
RUB 7,104 mln

Income from sales*
RUB 25,662 mln

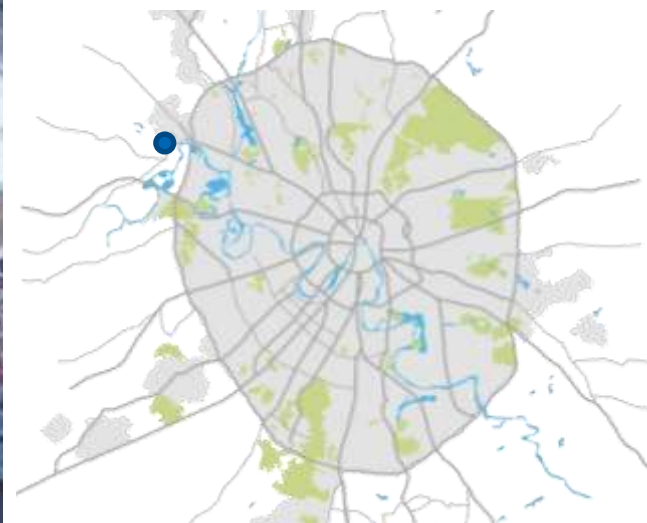
*JLL estimate as of 31.12.2014

Emerald Hills

February 2015



December 2013



Total NSA 865 ths sqm

Planned 2015 deliveries
65 ths sqm

Open Market Value*
RUB 18,484 mln

Income from sales*
RUB 66,218 mln

*JLL estimate as of 31.12.2014

Etalon City

February 2015



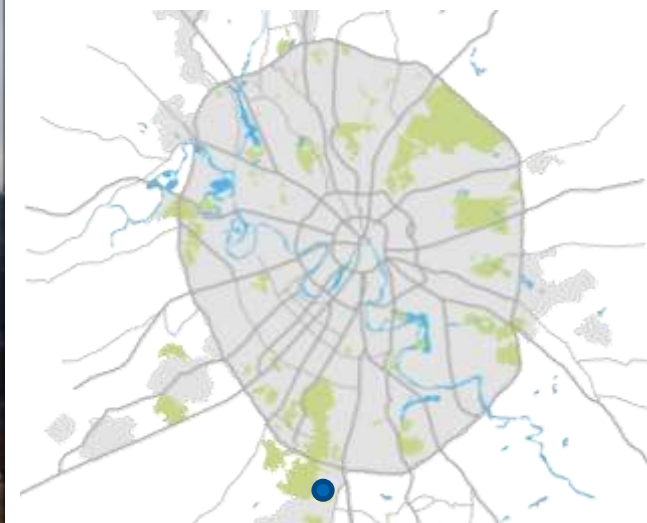
Total NSA 372 ths sqm

Planned 2015 deliveries
43 ths sqm

Open Market Value*
RUB 8,871 mln

Income from sales*
RUB 34,955 mln

December 2013



Swallow's Nest

February 2015



December 2013



Total NSA 334 ths sqm

Planned 2015 deliveries
40 ths sqm

Open Market Value*
RUB 8,720 mln

Income from sales*
RUB 22,932 mln

*JLL estimate as of 31.12.2014

Appendix

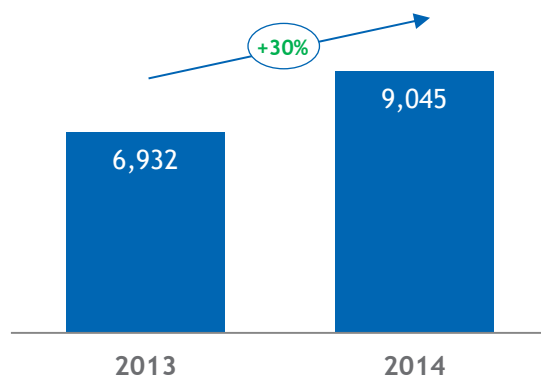


Operating results

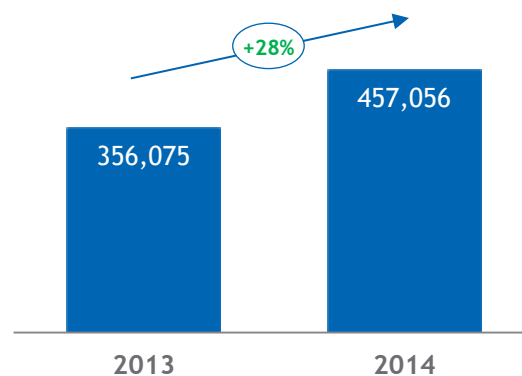


FY 2014 Operating results outperform Company guidance

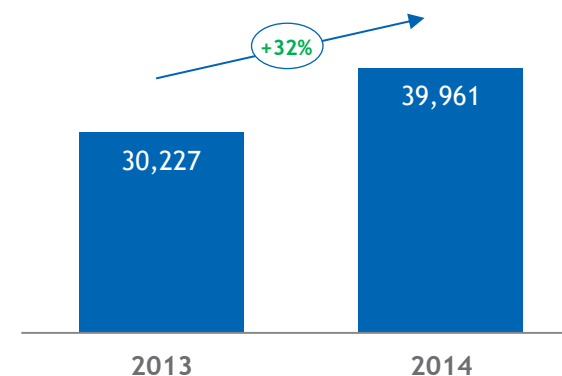
Number of contracts



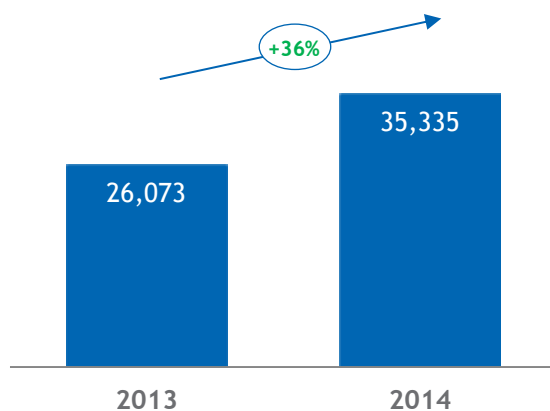
New contract sales, sqm



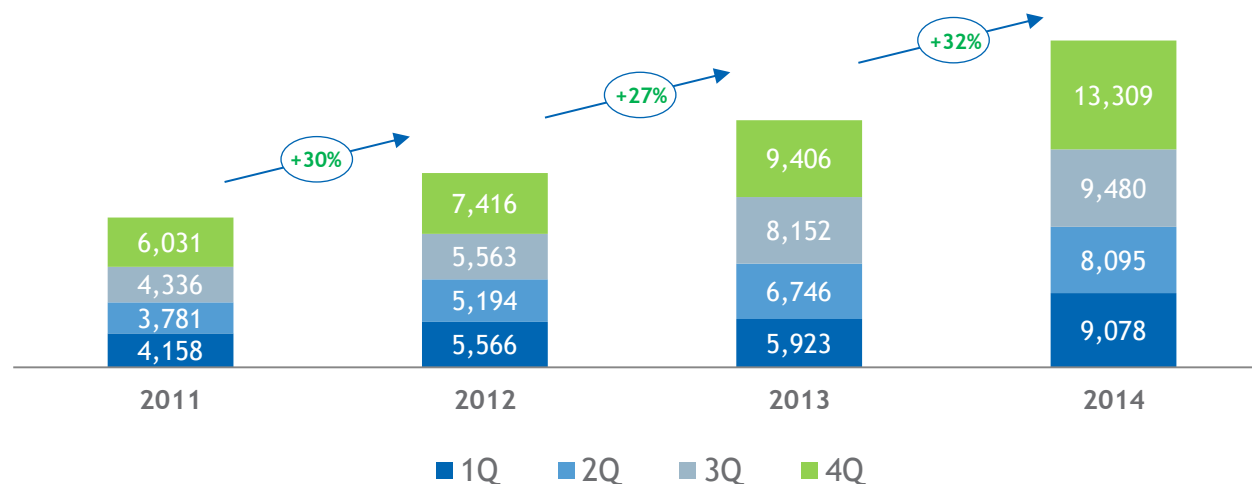
New contract sales, mln RUB



Cash collections, mln RUB



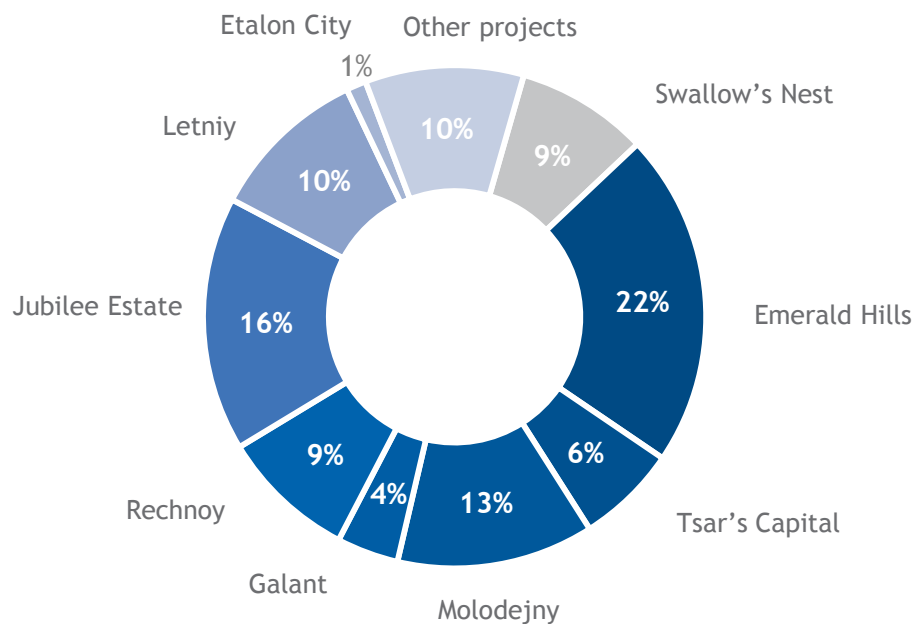
New contract sales y-o-y, mln RUB



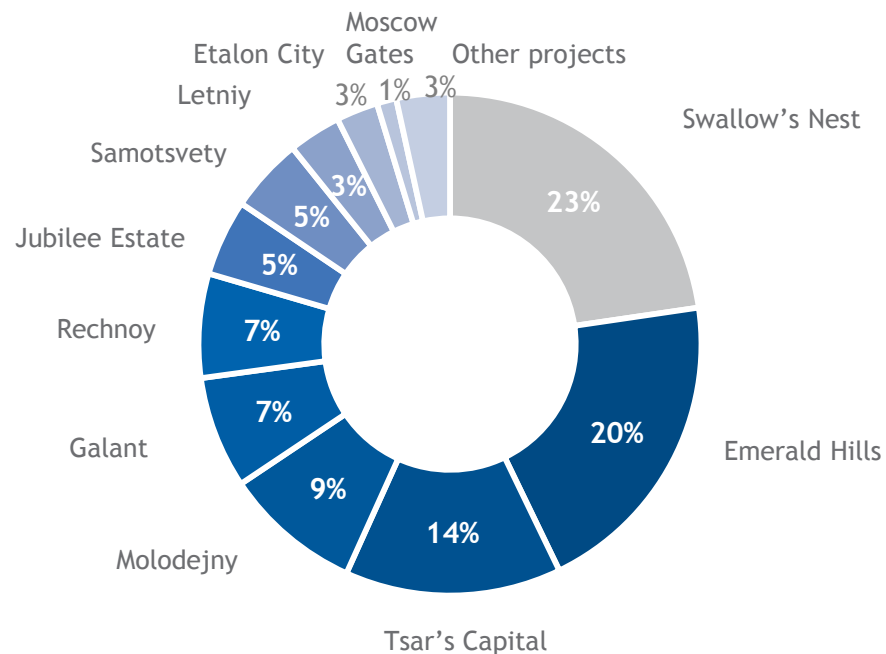
Source: Company data

Better product mix drives new contract sales in 2014

FY 2013 New contract sales by project, sqm



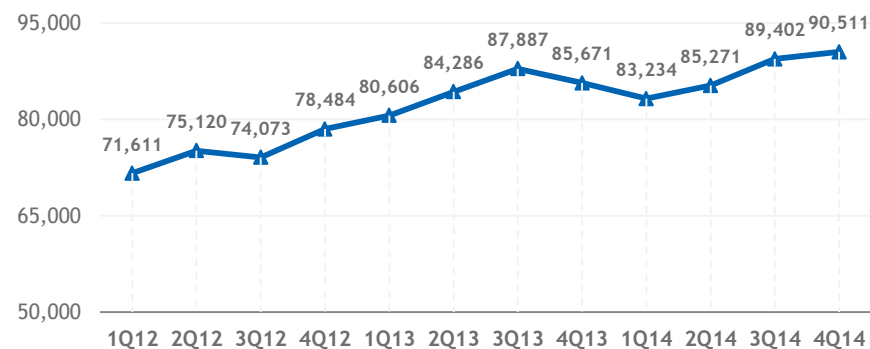
FY 2014 New contract sales by project, sqm



Significant portfolio diversification with growing share of prime location projects

- Swallow's Nest and Emerald Hills enjoy continued strong demand from customers
- Samotsvety, launched in 3Q 2014, already accounted for 5% of new sales in 2014. Moscow Gates, launched at the very end of November 2014, contributed c. 1% to total 2014 sales
- The blended average price per sqm increased 3% year-on-year to RUB 87.4 thousand. Average prices for apartments increased 8% year-on-year to RUB 95.1 thousand per sqm

Average price, RUB/sqm



Source: Company data

Etalon Group targets optimal land bank management

Acquired

1 project acquired in 2014:

- Three-hectare land plot situated on Polyustrovskiy prospect in the Kalininskiy district of St. Petersburg
- Total NSA - 91 ths sqm
- Land planning documentation for the land plot already obtained, allowing the rights holder to begin construction in the near future
- Property is located within walking distance from the Lesnaya metro station and four kilometres from central St. Petersburg

Launched

2 projects launched in 2014 enjoy strong demand, driving new sales:



Samotsvety

- Total NSA - 206 ths sqm
- Launched in August 2014
- Project share in 4Q 2014 sales - 12 %



Moscow Gates

- Total NSA - 234 ths sqm
- Launched in November 2014
- Project share in 4Q 2014 sales - 4 %

Completed

2 projects completed in 2014 still generate sales without extra spending:

Galant

- Total NSA - 50 ths sqm
- Apartment pre-sales rate - 67% (as of June 2014)

Rechnoy

- Total NSA - 111 ths sqm
- Apartment pre-sales rate - 82 % (as of December 2014)

Total inventory of completed and available for sale property stands at 432 ths sqm, including 220 ths sqm of apartments, as of 31.12.2014

Source: Company data and JLL land bank valuation report as of 31.12.2014

At a glance

At a glance

Presence in rapidly growing markets

- Focus on middle class residential real estate in Moscow metropolitan area (MMA) and St. Petersburg metropolitan area (SPMA)
- 29% CAGR for deliveries over 2010-2014⁽¹⁾

Strong delivery track record

- Over 27 years of construction & development experience
- 4.5 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
- 5,000 employees
- Country-wide sales network covering 36 cities

Diversified projects portfolio

- Land bank of 3.11 mln sqm⁽²⁾
- Land bank sufficient until 2018
- 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: 0.06x net debt / EBITDA, with a net debt of just RUB 636 mln⁽³⁾
- Credit rating by S&P: B+ / B⁽⁴⁾

Corporate governance

- 10 BoD members, 5 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 15% to 30% of IFRS net profit semi-annually

⁽¹⁾ Company operating results;

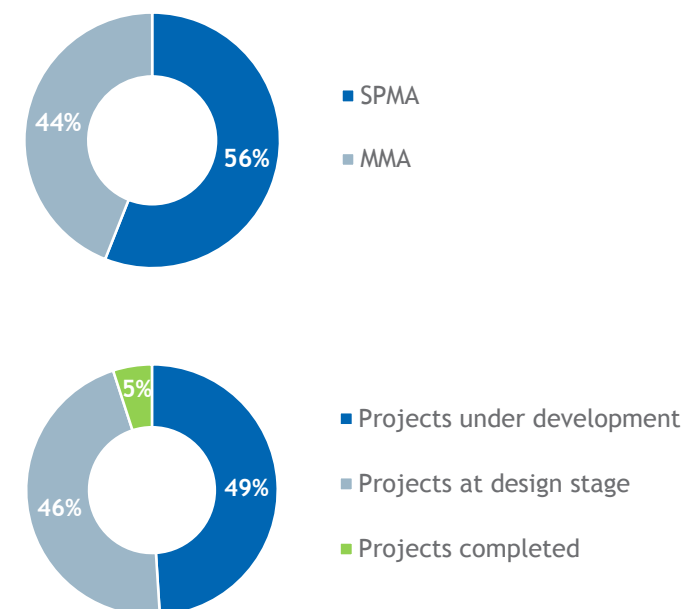
⁽²⁾ JLL land bank valuation report as of 31.12.2014;

⁽³⁾ IFRS financial statements as of 31 December 2014;

⁽⁴⁾ 'B+' long-term & 'B' short-term corporate credit ratings of SSMO LenSpetsSMU (last reconfirmed on 29.07.2013).

LSE ticker	ETLN:LI
Share price	USD 2.57 (23.03.2015)
Market capitalization	USD 751 mln (23.03.2015)
Portfolio valuation (by Jones Lang La Salle)	RUB 104,286 mln (31.12.2014)

Portfolio composition ⁽²⁾

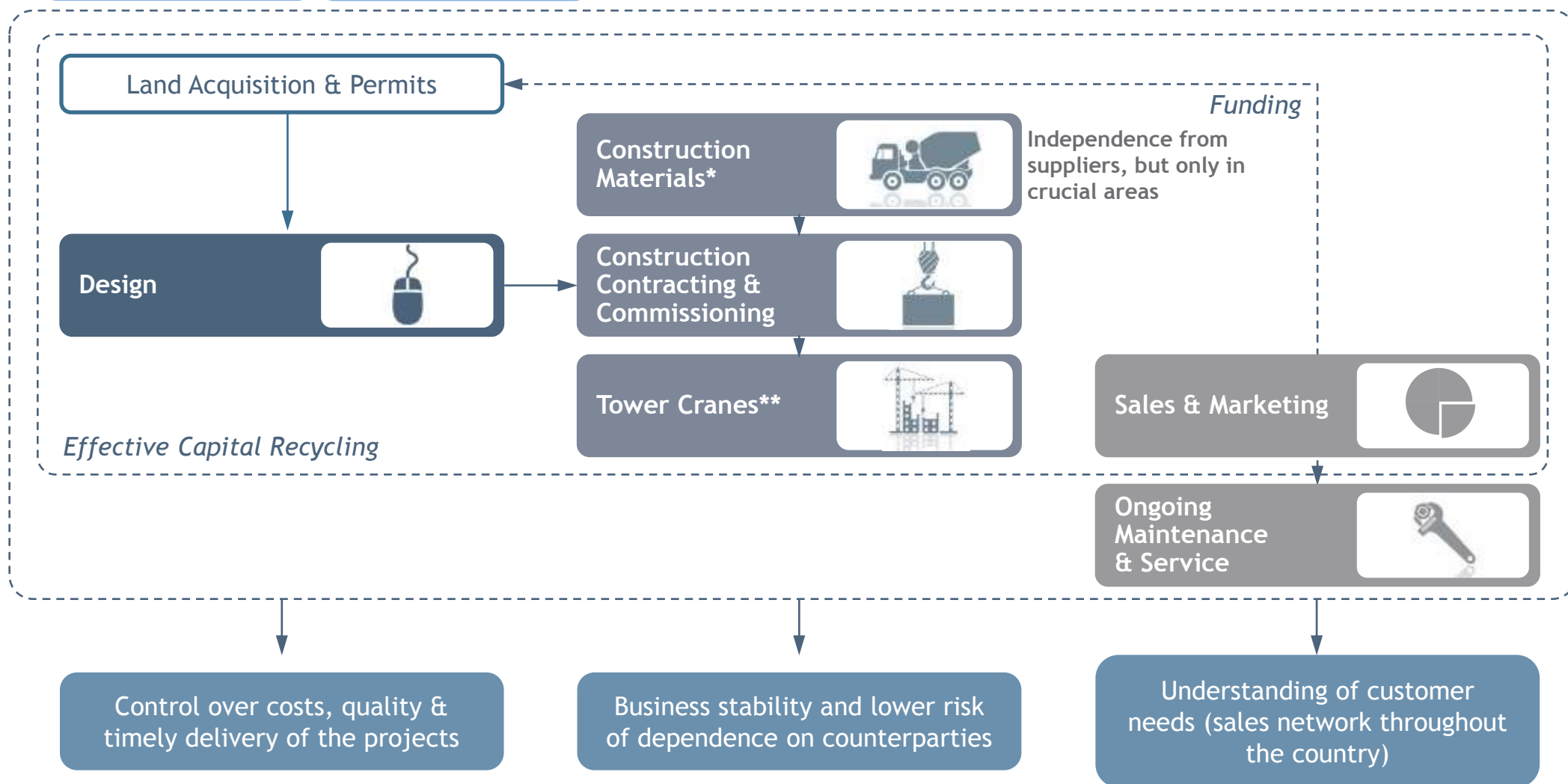


Strategic vertical integration: control over costs, quality and timing

Etalon Group operates in every part of property development process

> 40 business units

> 5,000 people



* Brick plant and concrete products plant. Own production only for "bottleneck" construction materials

** 62 tower cranes (Liebherr and Wolff). Data as of 31.12.2014

Nationwide sales & marketing network supports sustainable contracting

Powerful sales network across the country

Regional population actively buys apartments in Moscow and St. Petersburg



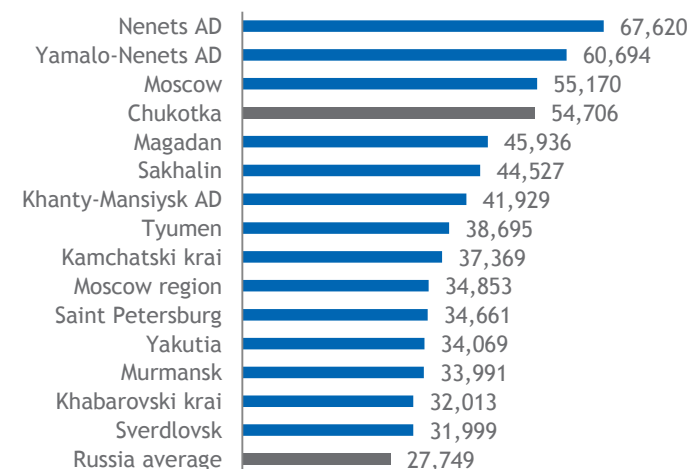
- Etalon Group sales force is focused on the regions with the **largest income per capita**
- Key markets: **SPMA and MMA**
- **36 cities covered** with 13 sales offices in St. Petersburg and 17 more sales offices nationwide
- External professional marketing and sales service agents engaged nationwide

Etalon Group's regional sales geography⁽¹⁾

Region	Share of total contracts
Leningrad	6.0%
Khanty-Mansiysk AD	2.0%
Yamalo-Nenets AD	1.9%
Murmansk	1.8%
Khabarovsk krai	1.5%
Yakutia	1.4%
Krasnoyarski krai	1.4%
Kamchatski krai	1.3%
Other Russian regions	16.4%
Foreigners	0.8%
Total:	34.4%

The Group's flats are sold in 14 out of Russia's 15 richest regions

Average income per capita (RUB)⁽²⁾



Etalon Group's target regions

Board of Directors represents interests of all investor groups

FOUNDING SHAREHOLDERS



Viacheslav Zarenkov

Chairman of the Board of Directors,
Founding shareholder and President

Experience and awards

- 45 years of experience in construction industry
- Honoured builder of Russia⁽¹⁾

Education

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



Dmitry Zarenkov

Vice-President

Experience and awards

- 18 years of experience in construction industry
- Honoured builder of Russia⁽¹⁾; Certificate of Honour of the Ministry of Regional Development

Education

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

EXECUTIVE DIRECTORS



Anton Evdokimov

Chief Executive Officer,
First Vice-President

Experience and awards

- 28 years of experience in construction industry
- Certificate of Honour of the Ministry of Regional Development

Education

- Leningrad Engineering Construction Institute, SPb State University and International Banking Institute, Open University Business School (MSc in International finance, MBA in business strategy)



Boris Svetlichny

Chief Financial Officer

Experience and awards

- Over 26 years 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)



Kirill Bagachenko

Head of Corporate
Investments and IR

Experience and awards

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

Education

- St. Petersburg State University of Economics and Finance



Michael John Calvey

Senior partner at Baring
Vostok
since 1999

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

INDEPENDENT NON-EXECUTIVE DIRECTORS



Martin Cocker

Independent Non-
Executive Director

Experience and awards

- 19 years of experience in audit, 5 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



Anton Poryadin

Independent Non-
Executive Director

Experience and awards

- 13 years of experience in strategy consulting at A.T. Kearney. Partner and Vice President at A.T. Kearney
- Worked at Barents International Markets B.V., Torno Internazionale S.p.A., St. Petersburg Foundation for Enterprise Development

Education

- SPb Technical University, Business School at the University Of Rochester



Andrew Howat

Independent Non-
Executive Director

Experience and awards

- 30 years of experience in international finance, banking and investment businesses
- Worked as a senior Director at ING Bank in the Corporate Banking and Financial Markets divisions, and as Managing Director of Butterfield Fulcrum
- Chartered member of the Chartered Institute for Securities & Investment

Education

- Farnborough College of Technology



Alexei Kalinin

Senior partner at Baring
Vostok

Experience and awards

- With Baring Vostok since 1999
- Worked at Alfabank and Alfa Capital
- Chairman of the Board of Directors at Volga Gas, member of the board at Samarenergo and two Russian glass companies

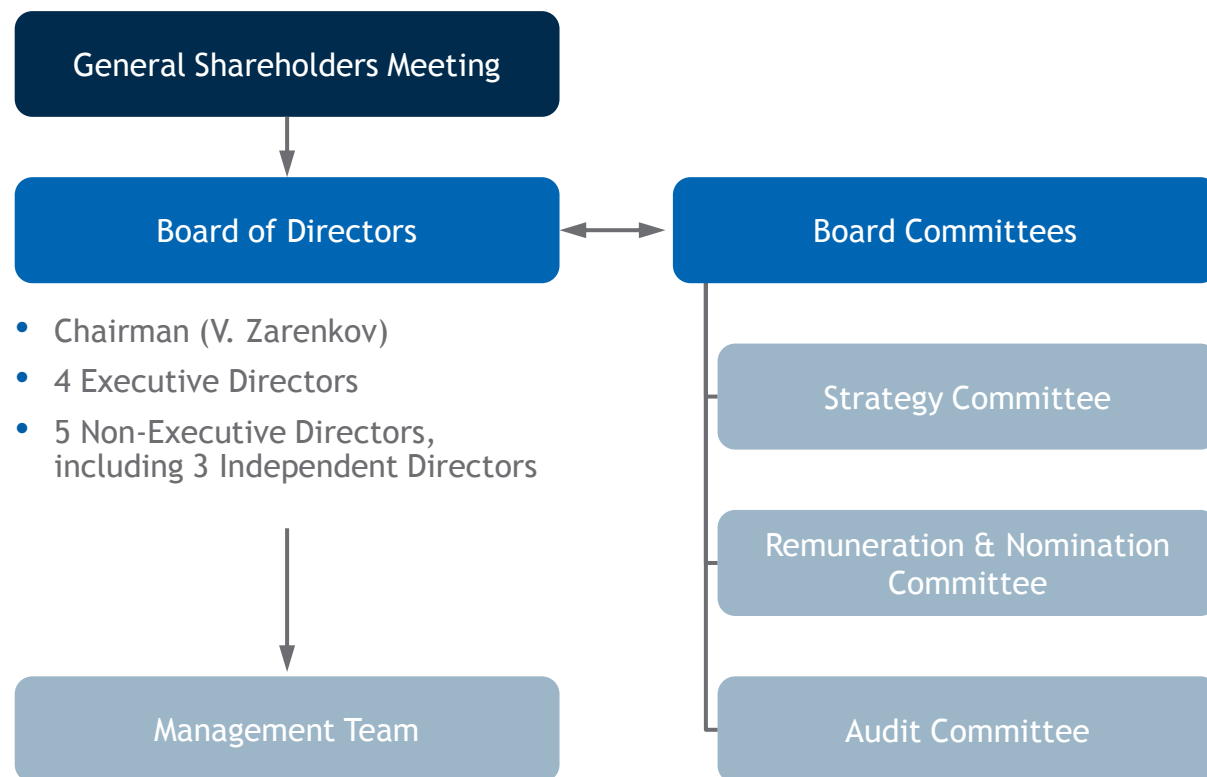
Education

- Moscow Power Engineering University
- PhD in Engineering

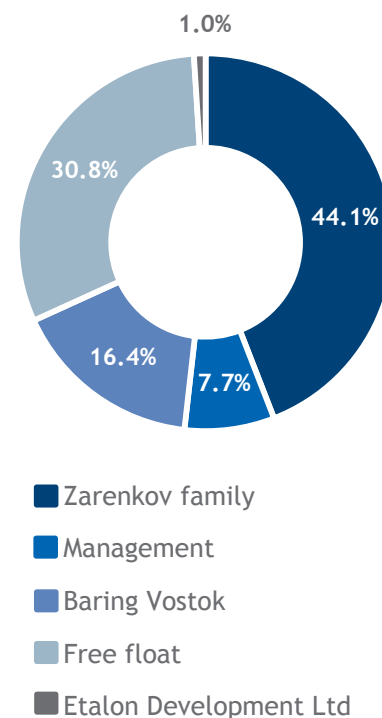
⁽¹⁾ Title granted by President of Russia

Strong corporate governance and shareholding structure

Corporate governance structure



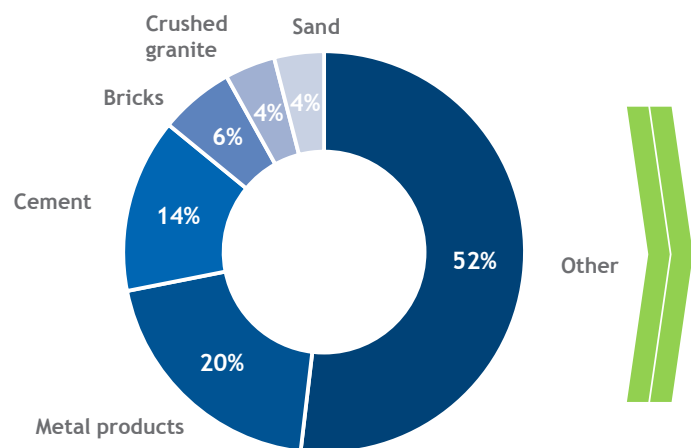
Shareholding structure



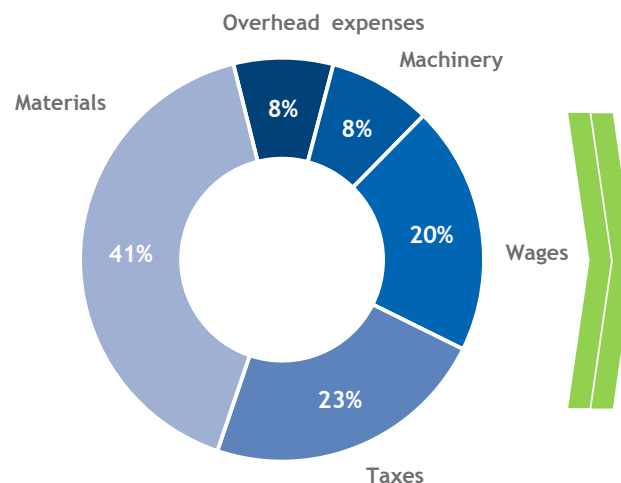
As of 31 December 2014

Typical project cost structure

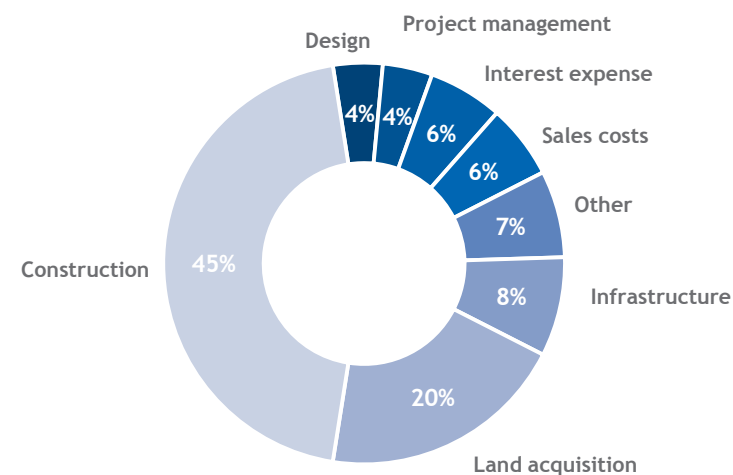
Materials cost structure *
(RUB 12,000 - 18,000 per sqm of NSA)



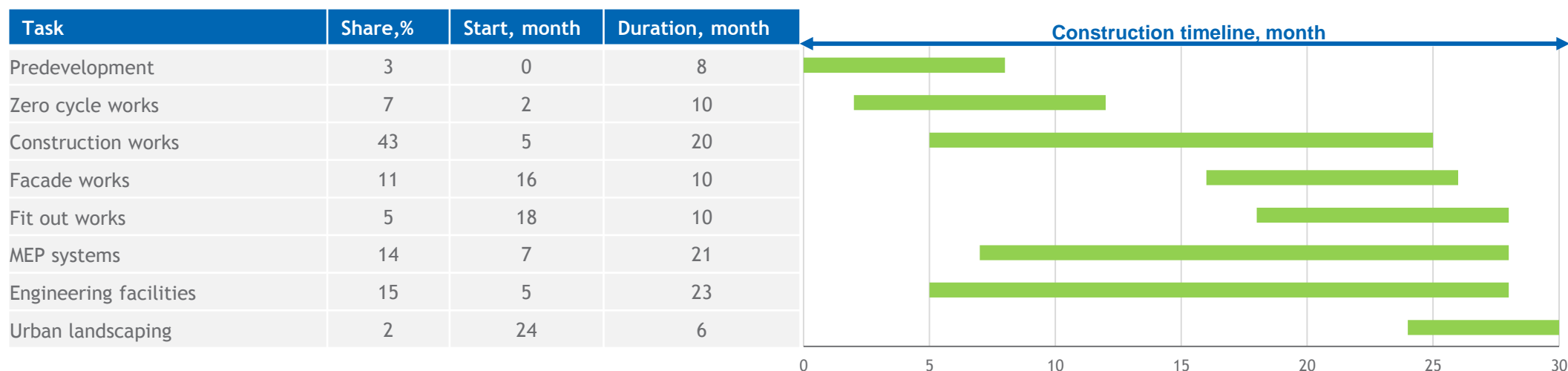
Construction cost structure *
(RUB 29,000 - 39,000 per sqm of NSA)



Total cost structure *
(RUB 59,000 - 72,000 per sqm of NSA)

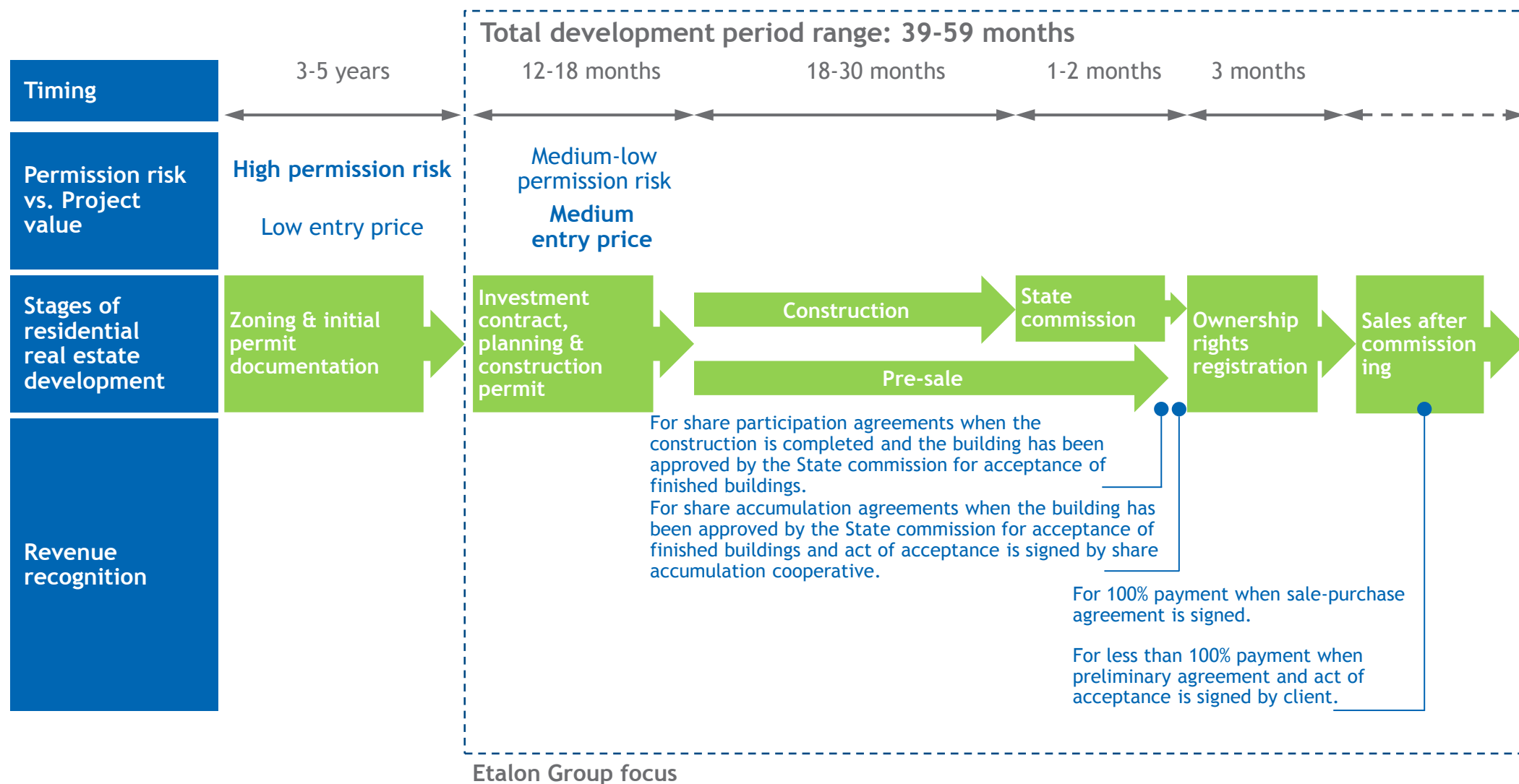


Typical project lifecycle*



*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.

Residential development scheme



Source: Company data

Construction services

Description

- Etalon Group is a leader in industrial construction in the North-West region of Russia with superb track record throughout its history

Track-record

- We have contributed to 24 milestone projects
- Heat & power station, two hotels, four car assembly plants, shipyards, machinery plant, fitness and sports centre etc.

Strategy

- 3 projects under way
- Etalon Group plans to continue developing its industrial construction operations and maintain its share in total business

Diversification benefits

- Ability and expertise to provide quality construction services to well-known international and local companies facilitates Group's brand development
- Allows to maintain skilled work force during market downturn

Selected key projects



Poling and gridding



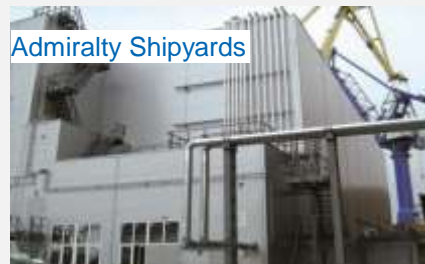
Design & construction (increase of production capacities)



Poling & road infrastructure construction



Infrastructure & site for the finished goods



Construction of workshop & transportation utilities



Full construction cycle



Full construction cycle



Foundation construction for a cooling tower and main building



Renovation of the existing building and building up two additional floors

Financial analysis



Income statement

mln RUB	2011	2012	2013	2014
Revenue	22,741	26,894	39,921	51,481
Cost of sales	(11,888)	(17,494)	(27,553)	(35,685)
Gross profit	10,853	9,400	12,368	15,796
General and administrative expenses	(2,328)	(2,324)	(3,157)	(4,178)
Selling expenses	(854)	(958)	(1,023)	(1,474)
Other expenses, net	(27)	(209)	(40)	(913)
Results from operating activities	7,644	5,909	8,148	9,231
Finance income	1,441	749	691	1,717
Finance costs	(60)	(132)	(342)	(553)
Net finance income	1,381	617	349	1,164
Profit before income tax	9,025	6,526	8,497	10,395
Income tax expense	(1,585)	(1,526)	(1,833)	(2,026)
Profit for the period	7,440	5,000	6,664	8,369
<i>Profit attributable to:</i>				
Owners of the Company	7,332	4,979	6,629	8,345
Non-controlling interest	108	21	35	24
Profit for the period	7,440	5,000	6,664	8,369

Source: IFRS financial statements for 2011, 2012, 2013, 2014

Balance sheet

mln RUB	2011	2012	2013	2014
Assets				
Non-current assets				
PP&E	2,009	2,380	1,962	2,503
Investment property	-	-	1,142	808
Other long-term investments	88	60	275	1,036
Trade and other receivables	551	433	1,332	2,521
Deferred tax assets	679	434	560	885
Other non-current assets	92	11	10	10
Total non-current assets	3,419	3,318	5,281	7,763

Current assets

Inventories	32,047	41,522	50,057	57,525
Trade and other receivables	7,473	11,058	15,078	15,074
Short-term investments	1,327	6,870	5,008	1,221
Cash and cash equivalents	14,484	10,716	8,139	14,631
Other current assets	34	32	7	66
Total current assets	55,365	70,198	78,289	88,517
Total assets	58,784	73,516	83,570	96,280

mln RUB	2011	2012	2013	2014
Equity and Liabilities				
Equity				
Share capital	14,980	14,967	14,967	14,983
Retained earnings	17,704	22,688	29,332	36,537
Total equity attributable to equity holders of the Company	32,684	37,655	44,299	51,520
Non-controlling interest	372	408	387	351
Total equity	33,056	38,063	44,686	51,871

Non-current liabilities

Loans and borrowings	8,456	12,811	10,176	12,411
Trade and other payables	48	980	785	2,854
Provision	77	65	89	114
Deferred tax liabilities	98	226	826	1,456
Total non-current liabilities	8,679	14,082	11,876	16,835

Current liabilities

Loans and borrowings	1,950	3,825	3,043	3,880
Trade and other payables	13,539	16,966	22,300	21,460
Provisions	1,560	580	1,665	2,234
Total current liabilities	17,049	21,371	27,008	27,574
Total equity and liabilities	58,784	73,516	83,570	96,280

Source: IFRS financial statements for 2011, 2012, 2013, 2014

Cashflow statement

mln RUB	2011	2012	2013	2014
Operating Activities				
Profit for the period	7,440	5,000	6,664	8,369
<i>Adjustments for</i>				
Depreciation	265	417	343	417
Gain on disposal of PP&E	(92)	(49)	(15)	(52)
Loss on disposal of subsidiaries	1	28	-	-
Gain on disposal of equity accounted investees	(24)	-	-	-
Impairment loss on investment property	-	-	-	280
Impairment loss on inventories	-	-	-	466
Finance income, net	(1,425)	(544)	(337)	(1,164)
Income tax expense	1,585	1,526	1,833	2,026
Cash from operating activities before changes in working capital	7,750	6,378	8,488	10,342
Change in inventories	(5,308)	(7,633)	(7,837)	(6,890)
Change in accounts receivable	(2,893)	(3,024)	(5,080)	(1,427)
Change in accounts payable	(818)	4,074	4,880	1,184
Change in provisions	367	(992)	1,109	594
Change in other current assets	24	3	25	(59)
Income tax paid	(1,897)	(1,833)	(907)	(1,645)
Interest paid	(1,098)	(1,097)	(1,724)	(1,588)
Net cash from/(used in) operating activities	(3,873)	(4,124)	(1,046)	511

mln RUB	2011	2012	2013	2014
Investing Activities				
Proceeds from disposal of non-current assets	117	71	15	66
Interest received	140	552	611	823
Acquisition of PP&E	(726)	(844)	(431)	(653)
Loans given	(253)	(371)	(55)	(178)
Loans repaid	234	363	85	174
Acquisition of subsidiaries, net of cash acquired	-	-	10	-
Disposal of subsidiaries, net of cash disposed of	(17)	(8)	(20)	7
(Acquisition)/disposal of other investments	(1,027)	(5,506)	1,606	3,038
Net cash used in investing activities	(1,532)	(5,743)	1,821	3,277
Financing activities				
Proceeds from IPO	13,487	-	-	-
Acquisition of non-controlling interest	(3)	(3)	(10)	(83)
Proceeds from disposal of non-controlling interest	24	-	-	-
Proceeds from borrowings	6,353	12,140	5,937	10,763
Repayments of borrowings	(4,821)	(5,552)	(9,668)	(8,498)
Acquisition of own shares	(459)	(13)	-	16
Dividends paid	-	-	-	(1,124)
Net cash from/(used in) financing activities	14,581	6,572	(3,741)	1,074
Net increase/(decrease) in cash and cash equivalents	9,176	(3,295)	(2,966)	4,862
Effect of FX rate fluctuations	1,672	(473)	389	1,630
Cash & cash equivalents at the end of the period	14,484	10,716	8,139	14,631

Source: IFRS financial statements for 2011, 2012, 2013, 2014

EBITDA calculation

mln RUB	2011	2012	2013	2014
Comprehensive income	7,440	5,000	6,664	8,369
Income tax expense	1,585	1,526	1,833	2,026
Interest expense on loans and finance leases	10	7	233	295
Net foreign exchange loss	-	125	109	-
Interest income on bank deposits	(140)	(543)	(583)	(729)
Interest income on loans and receivables	(6)	(9)	(28)	(94)
Interest income on promissory notes	-	-	-	-
Gain on repurchase of CLNs	-	-	-	-
Net foreign exchange gain	(1,168)	-	-	(814)
Bank fees and commissions	46	67	80	117
Interest in COS	169	341	779	1,024
Depreciation	265	417	343	417
EBITDA	8,201	6,931	9,430	10,611

	2011	2012	2013	2014
Depreciation to COGS (Note 13 PP&E)	239	385	292	271
Depreciation to selling expenses (Note 13 PP&E)	1	1	1	4
Depreciation to G&A expenses (Note 13 PP&E)	25	31	39	94
Depreciation to Investment property (Note 14 Investment property)	-	-	11	48

Working capital calculation

Working capital calculation				
mln RUB	2011	2012	2013	2014
Total inventory	32,047	41,522	50,057	57,525
Current part				
+ Trade and other receivables	7,473	11,058	15,078	15,074
- Trade and other payables	13,539	16,966	22,300	21,460
- Provisions	1,560	580	1,665	2,234
Non-current part				
+ Trade and other receivables	551	433	1,332	2,521
- Trade and other payables	48	980	785	2,854
- Provisions	77	65	89	114
Adjustments				
- Cumulative borrowing costs capitalized during the period (Note 11 Finance income and finance costs)	1,482	2,725	4,092	5,416
+ Cumulative borrowing costs that have been included into the cost of sales (Note 11 Finance income and finance costs)	169	510	1,289	2,313
-Income tax receivable (Note 18 Trade and other receivables)	72	310	103	159
+Income tax payable (Note 25 Trade and other payables)	447	7	248	380
Working capital	23,909	31,904	38,970	45,576

FCF calculation

mln RUB	2011	2012	2013	2014
Comprehensive income	7,440	5,000	6,664	8,369
Adjustment for:				
Depreciation	265	417	343	417
Gain on disposal of PP&E	(92)	(49)	(15)	(52)
Impairment loss on investment property	-	-	-	280
Impairment loss on inventories	-	-	-	466
Loss on disposal of subsidiaries	1	28	-	-
Gain on disposal of equity accounted investees	(24)	-	-	-
Finance income, net	(1,425)	(544)	(337)	(1,164)
Income tax expense	1,585	1,526	1,833	2,026
Income tax paid	(1,897)	(1,833)	(907)	(1,645)
Interest paid	(1,098)	(1,097)	(1,724)	(1,588)
<i>(Increase)/Decrease in working capital</i>	<i>(8,628)</i>	<i>(7,572)</i>	<i>(6,903)</i>	<i>(6,598)</i>
<i>(Increase)/Decrease in invested capital</i>	<i>(609)</i>	<i>(773)</i>	<i>(416)</i>	<i>(587)</i>
FCF	(4,482)	(4,897)	(1,462)	(76)
(Increase)/Decrease in working capital based on CF statement	2011	2012	2013	2014
Change in inventories	(5,308)	(7,633)	(7,837)	(6,890)
Change in accounts receivable	(2,893)	(3,024)	(5,080)	(1,427)
Change in accounts payable	(818)	4,074	4,880	1,184
Change in provisions	367	(992)	1,109	594
Change in other current assets	24	3	25	(59)
Working capital change	(8,628)	(7,572)	(6,903)	(6,598)
(Increase)/Decrease in invested capital based on CF statement	2011	2012	2013	2014
Acquisition of PP&E	(726)	(844)	(431)	(653)
Proceeds from disposal of non-current assets	117	71	15	66
Invested capital change	(609)	(773)	(416)	(587)

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