

Renaissance Capital 20th Annual Russia Investor Conference



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Today's presenting team



Anton Evdokimov

Chief Executive Officer

Member of the Board of
Directors

With Etalon since 1998



Kirill Bagachenko

Head of Corporate
Investments and IR

Member of the Board of
Directors

With Etalon since 2013

Summary



12.9 bln RUB
new sales
+238% y-o-y

In 2H 2015 Etalon Group delivered double-digit year-on-year increases in new sales. 1Q 2016 operating results showed even stronger growth, with new contract sales up 238% year-on-year to RUB 12.9 bln



104.4 bln RUB
open market
value

Etalon Group's portfolio value remains stable at RUB 104.4 bln, with 2.72 mln sqm of net sellable area



31%
consolidated
gross margin

Consolidated gross profit margin remained unchanged at a high level of 31%



7.4 bln RUB
net debt

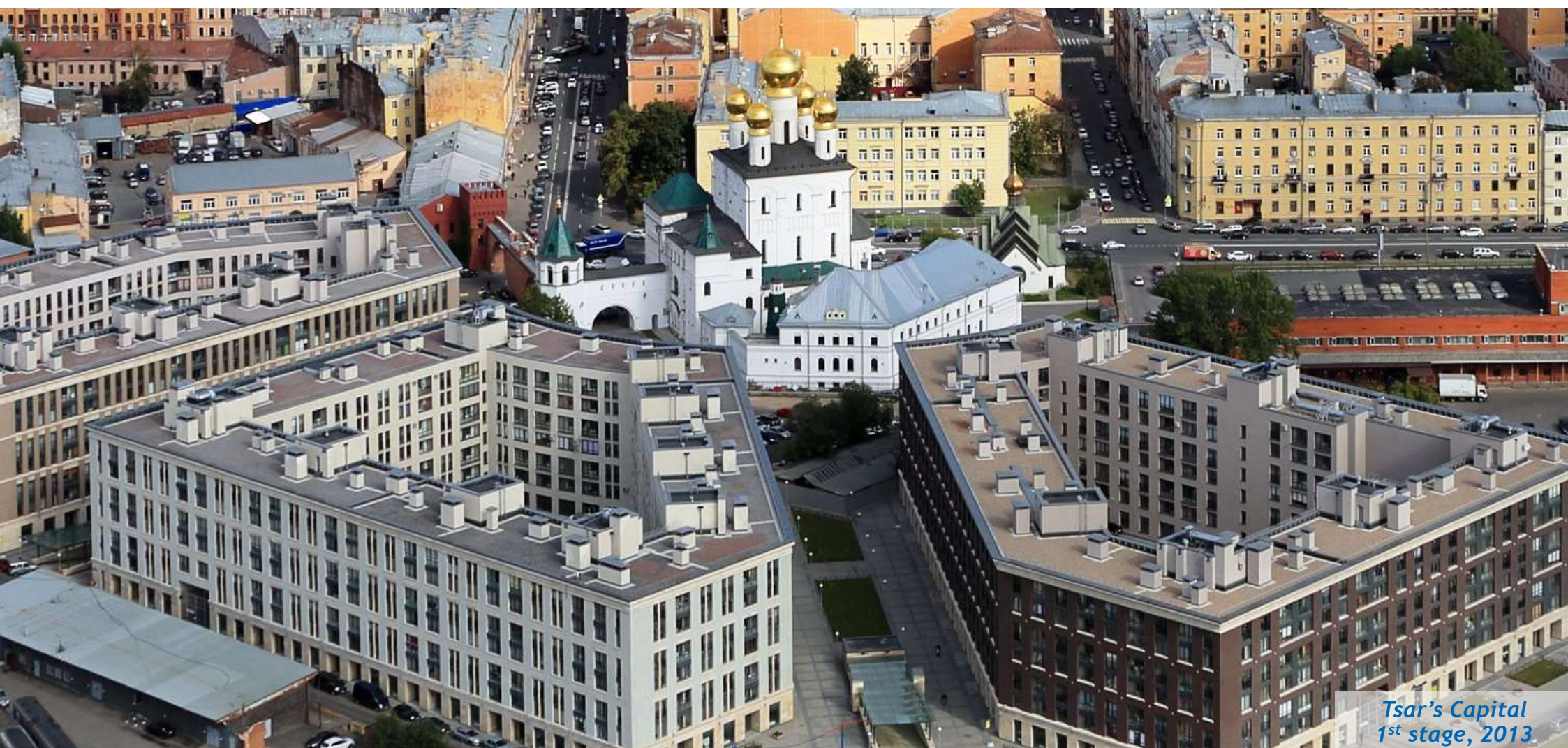
Balance sheet remains very strong, with net debt of only RUB 7.4 bln, and net debt/EBITDA staying below 1.0x

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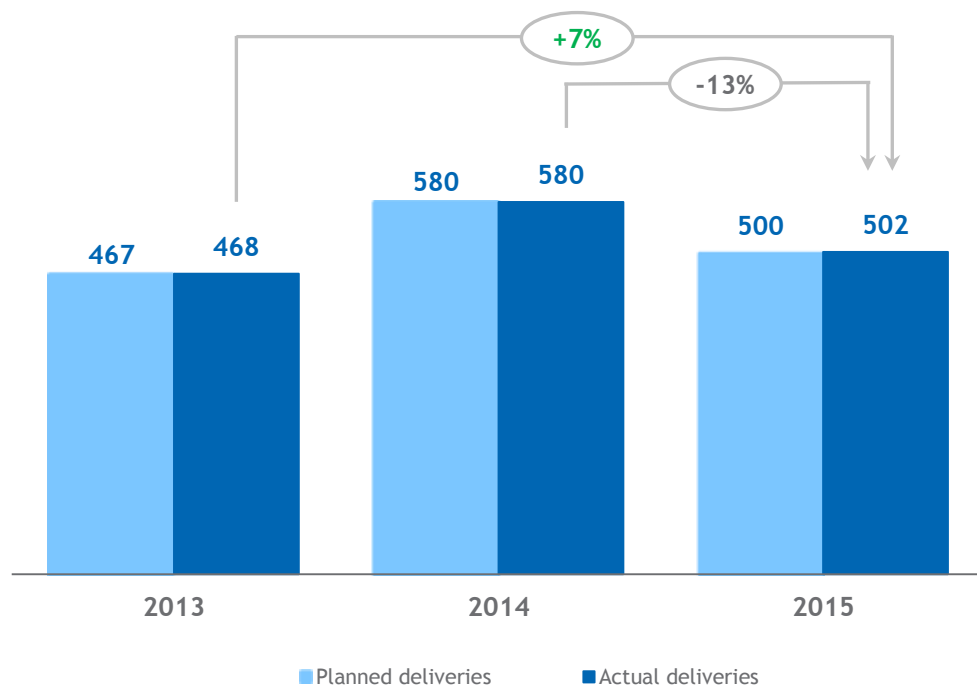
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Operating Results



In 2015 Etalon Group once again met its target for deliveries

Deliveries, ths sqm



- Etalon Group delivered 14 residential buildings containing around 6,000 apartments

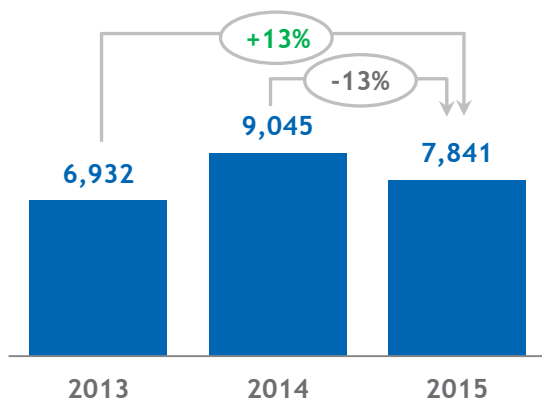
2015 Deliveries breakdown, ths sqm

Project	NSA delivered in 2015, ths sqm
Tsar's Capital	160
Samotsvety	128
Moscow Gates	66
Emerald Hills	65
Etalon City	43
Swallow's Nest	40
Total	502

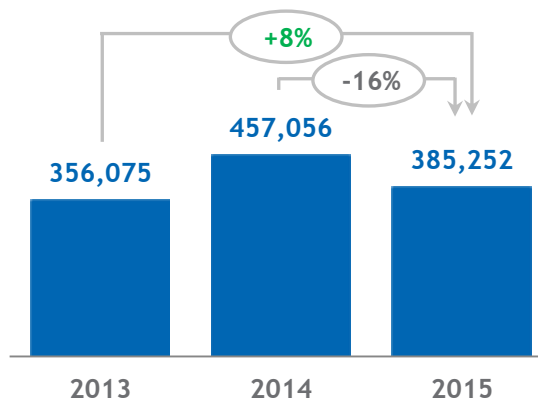
Source: Company data

Despite a turbulent macro environment, Etalon Group significantly outperformed guidance provided at the beginning of 2015

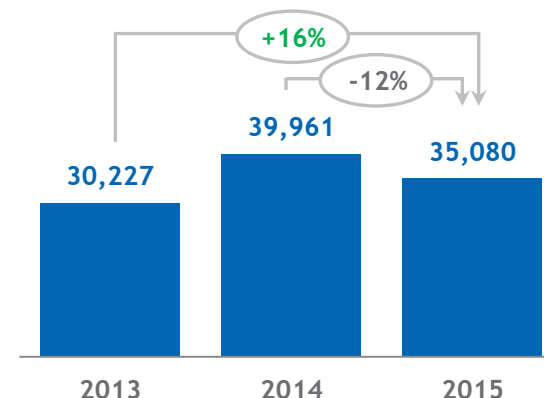
Number of contracts



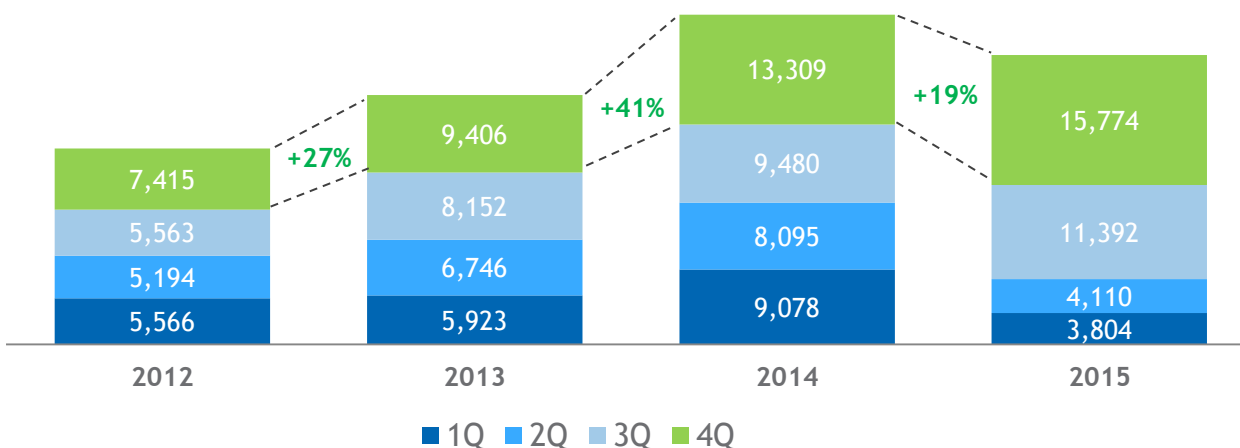
New contract sales, sqm



New contract sales, RUB mln



New contract sales y-o-y, RUB mln



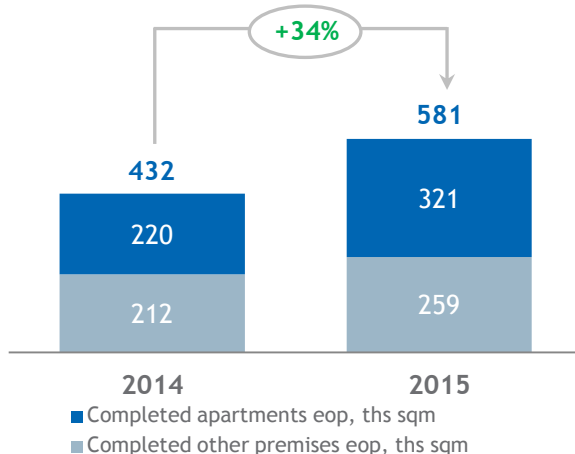
Highlights

- Average price for apartments up to RUB 102.3 ths/sqm from RUB 95.1 ths/sqm in 2014
- Average down payment reached 62%, significantly above the average of 50% envisaged by the business model

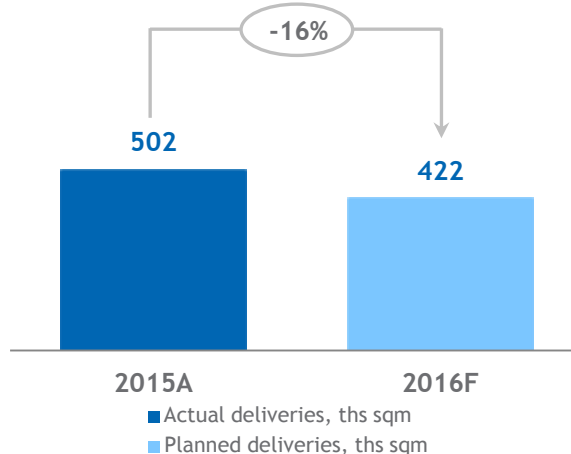
Source: Company data

In 2016 Etalon Group plans to return to a growth trajectory

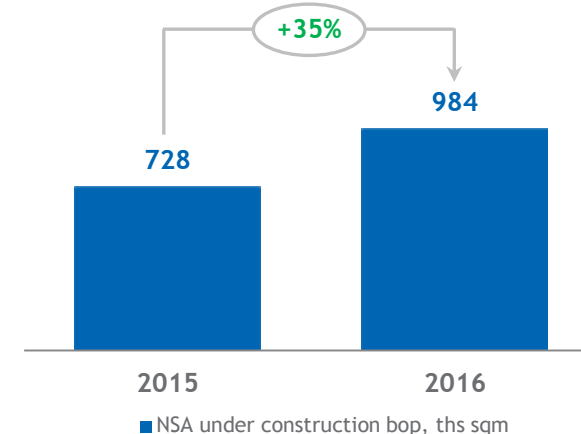
While new sales in 2H 2015 were very strong, inventory of completed and available for sale property is up y-o-y



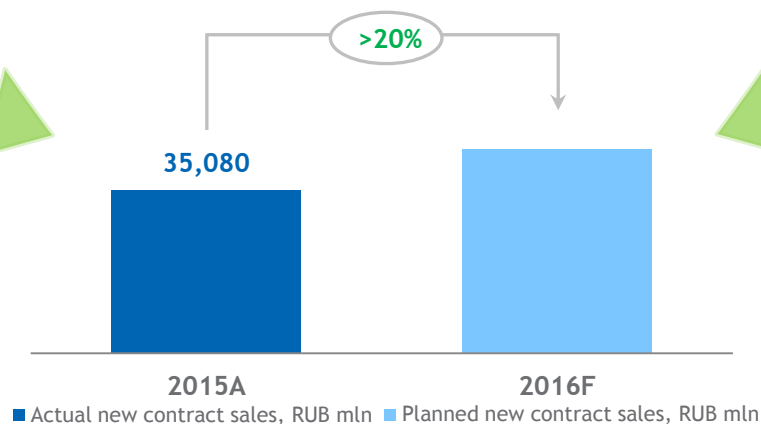
In possession of this valuable stock, the Company decided to decrease slightly 2016 deliveries



At the same time, total volume of property under construction will increase to ~1 mln sqm on the back of new launches



Together, these factors are expected to enable Etalon Group to increase new sales by over 20%

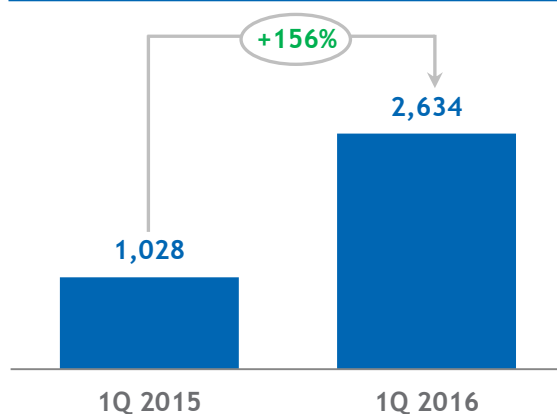


Around half of new sales are expected to come from sell-down of the inventory of completed and available for sale NSA as of 31.12.2015

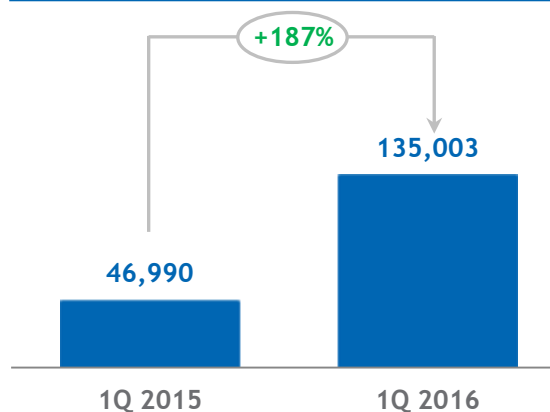
Source: Company data

1Q 2016 operating results outperformed expectations

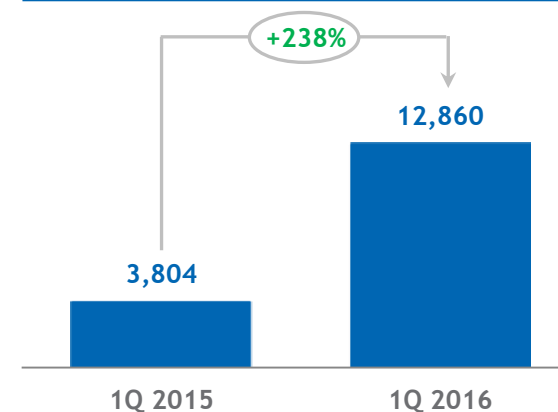
Number of contracts



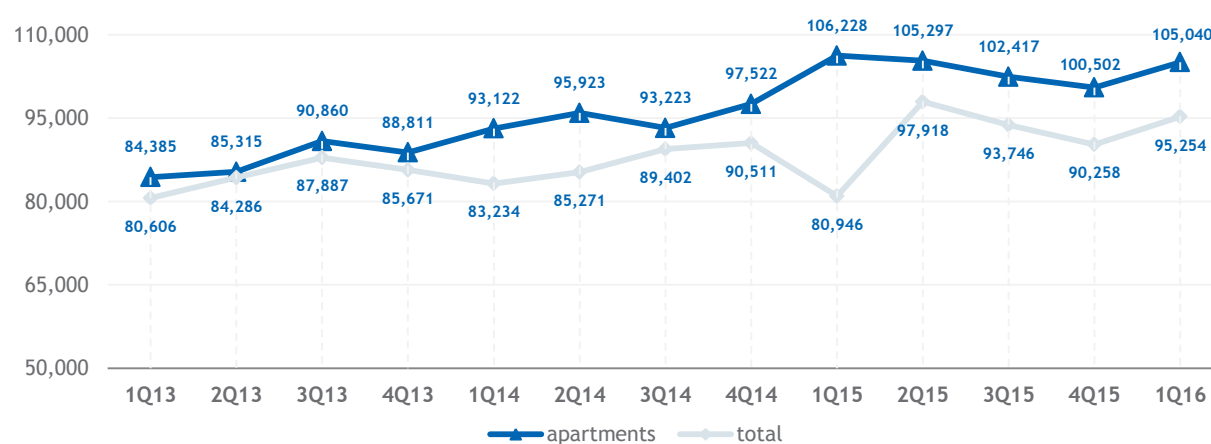
New contract sales, sqm



New contracts sales, RUB mln



Average price, RUB/sqm



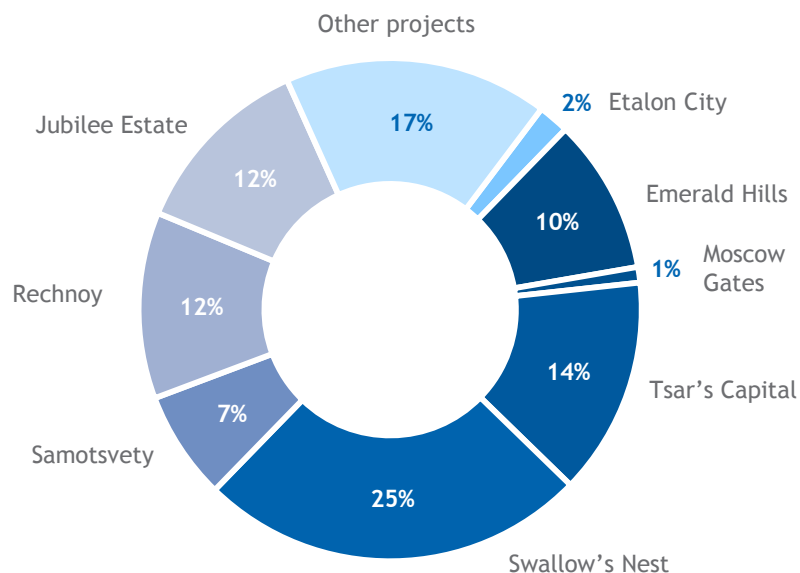
Highlights

- Average down payment reached 66%, significantly above the average of 50% envisaged by the business model, up from 58% in 4Q 2015
- Share of regional sales amounted to 34%

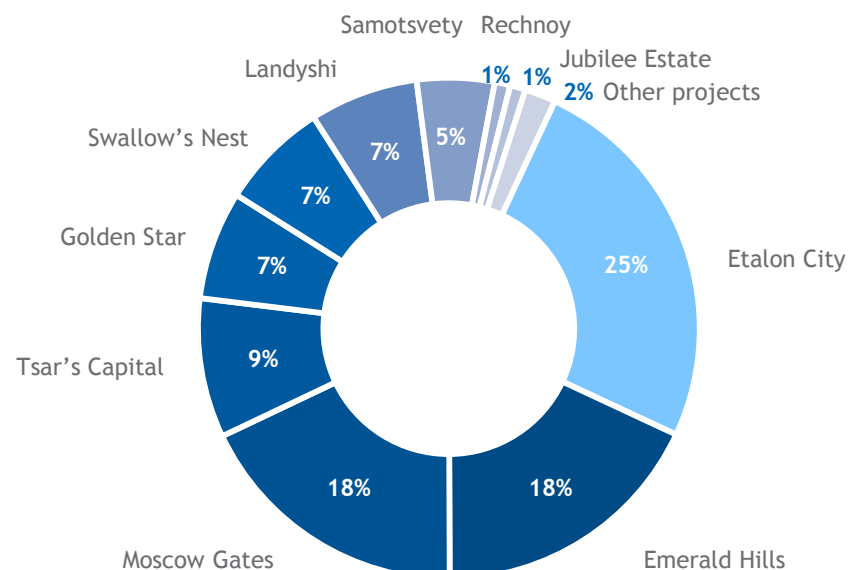
Source: Company data

Strong operating results backed by further rollout of the Moscow Metropolitan Area portfolio

1Q 2015 new contract sales by project, sqm



1Q 2016 new contract sales by project, sqm



Significant portfolio diversification with balanced share of Moscow Metropolitan Area projects

- 50/50 balance between MMA and SPMA projects
- Share of Etalon City amounted to 25% following launch of sales at six new residential buildings in 1Q 2016
- Project Golden Star, launched in November 2015, accounted for 7% of new sales in 1Q 2016
- In late March, Etalon launched Summer Garden with a total NSA of 283 ths sqm

Source: Company data

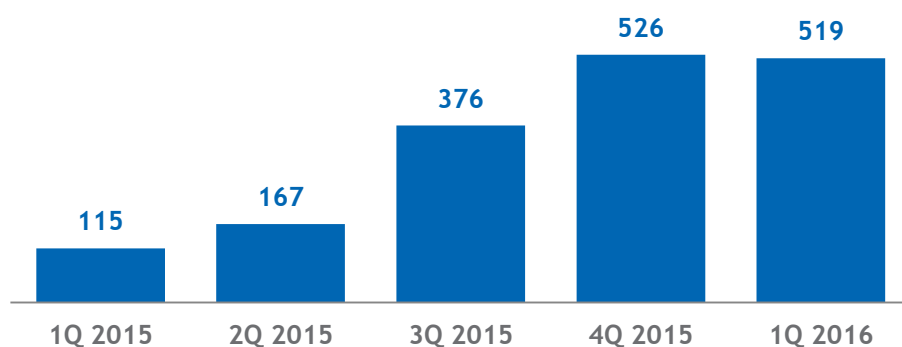
Summer Garden - a new project in the MMA sales portfolio

- Launched in late March, Summer Garden is a new and attractive addition to the Moscow Metropolitan Area sales portfolio
- Located on Dmitrovskoye Highway, the project benefits from both good transport accessibility and proximity to parks. It is situated in a pleasant area close to the Park Angarsk Prudy and Dmitrovsky Park. Seligerskaya metro station, for which construction recently started, is just 1.5 km from the complex, and there are plans to build another metro station adjacent to the site.

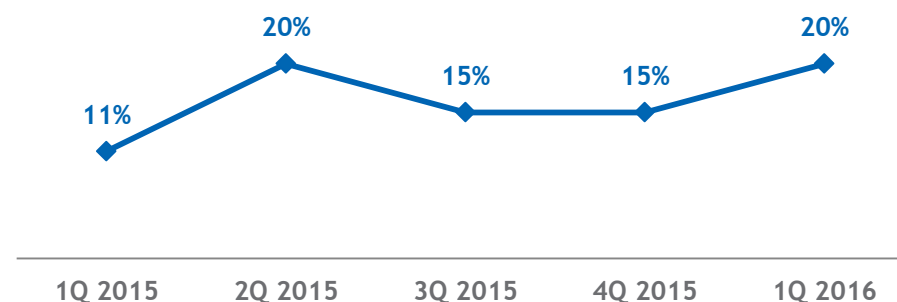


Mortgage market rebounded after launch of State support programme

Number of mortgage contracts



Share of mortgage sales, %

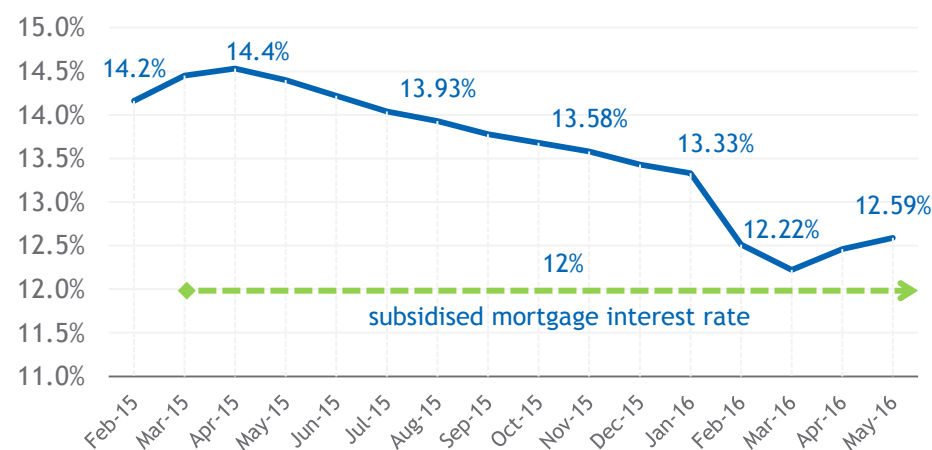


Highlights

- Apartments at Etalon Group development projects in the Moscow and St. Petersburg Metropolitan Areas are eligible for the Russian Government's subsidised mortgage programme
- Etalon Group works with major domestic banks that offer subsidised mortgage programmes, including Sberbank, VTB24, Rosbank, Bank St. Petersburg and Absolut Bank
- Basic terms of the subsidised mortgage programme:
 - minimum down payment: 20%
 - loan amount: up to RUB 8 million
 - maturity: up to 30 years
 - maximum interest rate: 12%

Source: Company data

Average mortgage rate in Russia⁽¹⁾



(1) CBR data

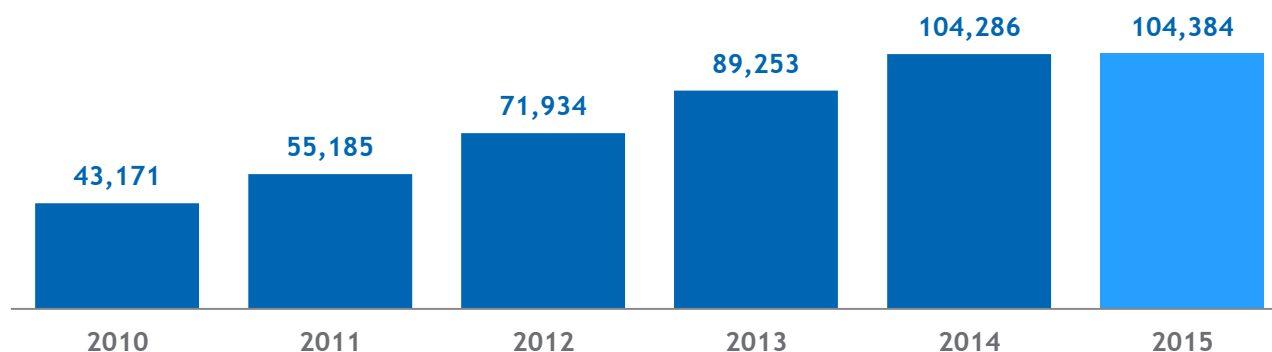
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Landbank Valuation

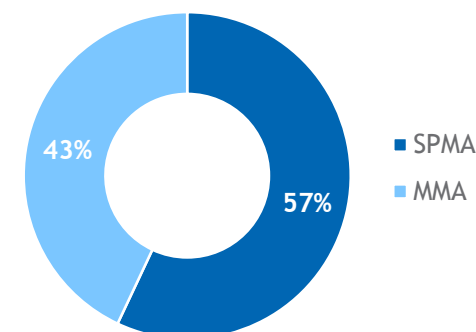


Etalon Group's portfolio value remains stable, with 2.72 mln sqm of net sellable area

Open market value, RUB mln



Breakdown by region

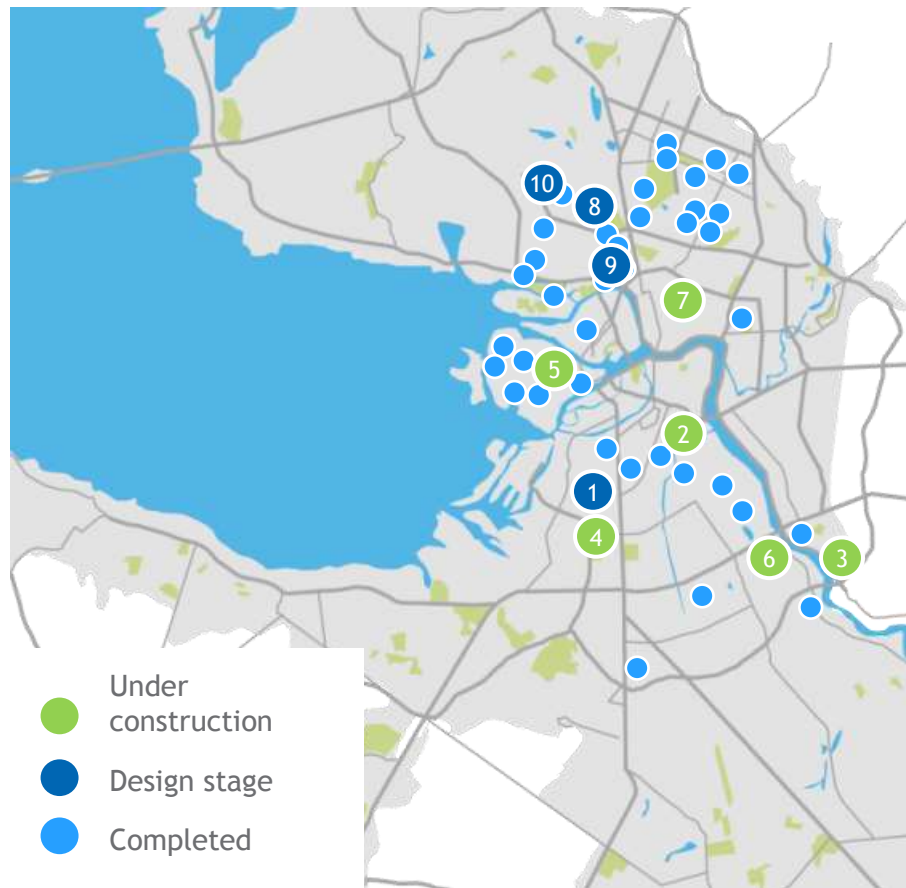


- Market value of Etalon Group's portfolio as of 31 December 2015 remained stable at RUB 104.4 million
- As Etalon Group's new sales in 2015 outperformed both the Company's own and market expectations, unsold NSA declined to 2.72 million sqm
- The Company launched sales for two projects in 2015: Golden Star in Moscow (24% of launched premises sold after three months), and Landyschi in St. Petersburg (56% of launched premises sold after three months)
- The portfolio includes 581 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 321 thousand sqm. JLL estimates potential income from the sale of these properties at RUB 44,731 million and RUB 35,142 million, respectively

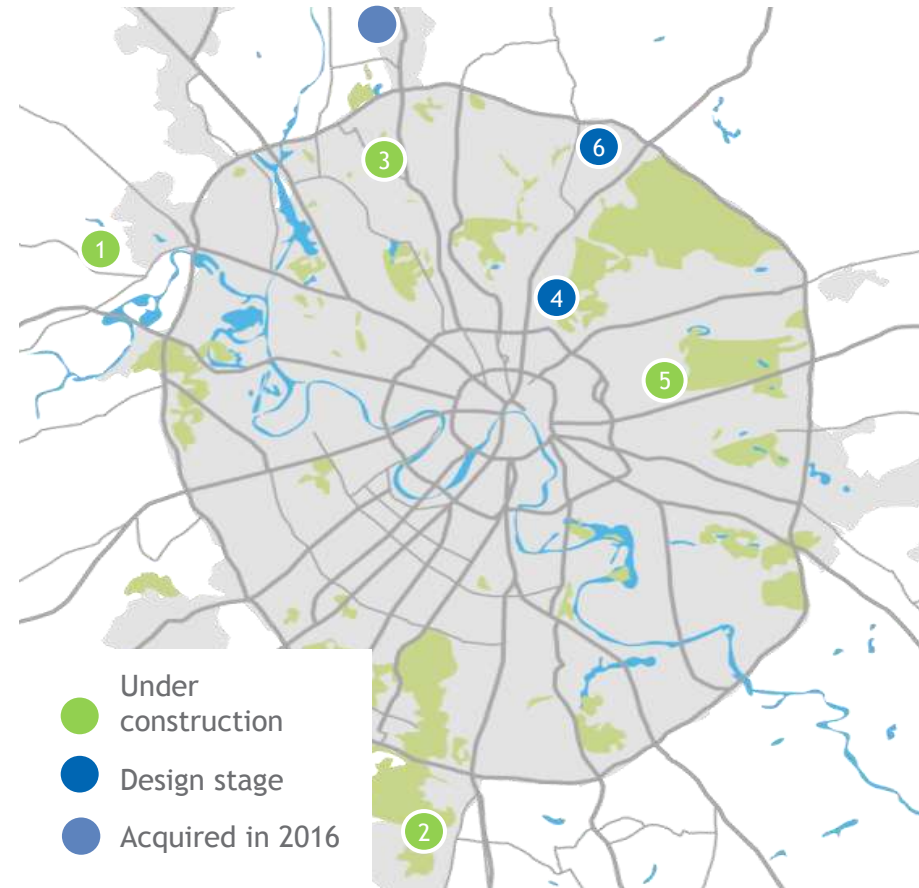
Source: JLL estimate as of 31.12.2015

Projects 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 (RUB mln)	Income from sales (RUB mln) ⁽²⁾	Construction budget (RUB mln) ⁽³⁾	Outstanding budget (RUB mln) ⁽³⁾
Current Projects								
<i>St. Petersburg Metropolitan Area (SPMA)</i>								
1. Galactica	Design stage	798.4	646.4	2,976	10,787	72,311	43,374	40,235
2. Tsar's Capital	Construction	390.9	170.8	1,946	10,350	30,225	14,823	2,845
3. Swallow's Nest	Construction	335.1	96.4	1,416	6,700	23,431	13,630	710
4. Moscow Gates	Construction	234.1	180.0	879	10,176	24,049	10,264	4,637
5. Samotsvety	Construction	204.9	131.9	919	6,465	18,455	10,661	4,377
6. Molodejny	Construction	112.1	17.5	382	929	8,703	3,971	271
7. Landyski (Polyustrovskiy prospect)	Construction	90.6	58.6	492	2,081	7,299	4,132	3,613
8. Technopark	Design stage	61.3	61.3	363	1,103	6,002	3,571	3,089
9. Beloostrovskaya	Design stage	39.5	39.5	277	498	3,949	2,482	2,473
10. Koroleva	Design stage	6.0	6.0	35	167	610	362	331
Total SPMA		2,272.9	1,408.5	9,685	49,256	195,034	107,271	62,579
<i>Moscow Metropolitan Area (MMA)</i>								
1. Emerald Hills	Construction	859.0	411.6	2,826	17,866	63,905	38,698	13,699
2. Etalon-City	Construction	376.2	216.9	1,904	8,650	29,066	19,611	12,761
3. Summer Garden (Dmitrovskoe shosse)	Construction	283.4	230.0	1,057	7,640	32,236	16,204	15,537
4. Silver Fountain (Alekseevskiy District)	Design stage	182.9	169.6	2,160	7,810	24,977	8,780	8,637
5. Golden Star (Budennogo)	Construction	84.9	63.7	325	4,540	11,009	5,040	4,228
6. Losinoostrovskiy District	Design stage	91.5	83.9	851	2,943	10,602	4,424	4,369
Total MMA		1,878.0	1,175.7	9,123	49,449	171,794	92,756	59,231
Total Current Projects		4,150.8	2,584.2	18,808	98,705	366,828	200,027	121,810
Completed Projects								
Residential property in completed projects		1,259.0	115.9	2,369	5,156	84,334		
Completed stand-alone commercial properties		18.9	18.9	58	524	737		
Total Completed Projects		1,278.0	134.8	2,427	5,680	85,070		
All Projects								
Total Etalon Group Projects		5,428.8	2,719.1	21,235	104,384	451,898	200,027	121,810

Source: all numbers based on JLL report as of 31.12.2015

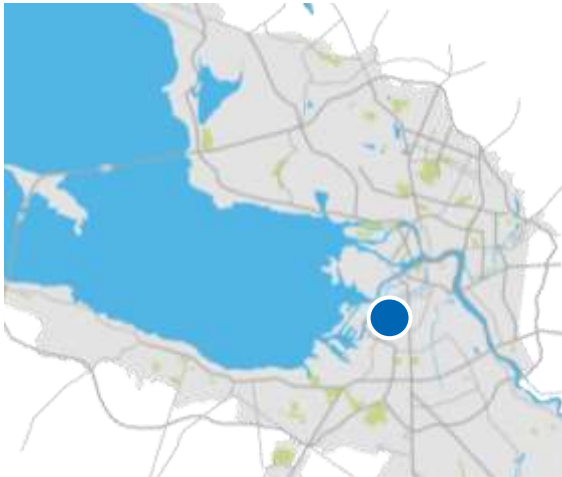
(1) Including parking with average area c. 30 sqm

(2) Income from sales includes potential and received incomes as of 31.12.2015

(3) Excluding land acquisition costs

New launches in 2016 will provide a further impulse for new sales

New project to be launched in St. Petersburg Metropolitan Area



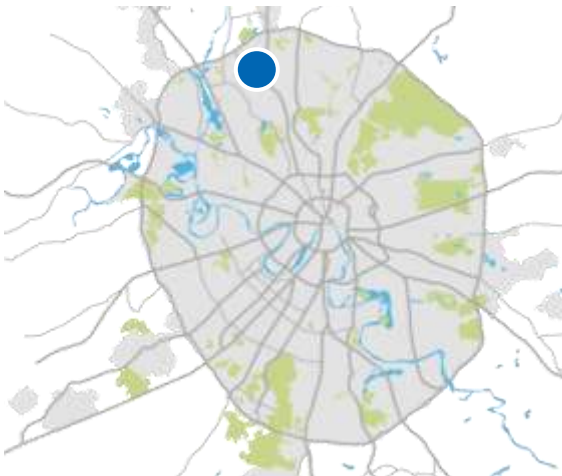
Galactica

Total NSA 798 ths sqm

The project is located on a 38-hectare land plot by Moskovsky prospect and Naberezhnaya Obvodnogo Kanala, just south of central St. Petersburg, which makes it a prestigious location for both living and business. Project Galactica will create an entire new comfort-class residential district. The nearest metro stations, Frunzenskaya and Moskovskiye Vorota, are situated 10-15 minutes from the development.



New project to be launched in Moscow Metropolitan Area



Summer Garden

Total NSA 283 ths sqm

The project is situated in a pleasant area close to Dmitrovsky Park and the Veteran Theme Park. The project can be easily accessed from Yahromsky passage and Dmitrovskoye highway. Seligerskaya metro station, for which construction recently started, is just 1.5 km from the complex, and there are plans to build another metro station adjacent to the site.



Source: Company data, NSA of the projects Galactica and Summer Garden based on JLL report as of 31.12.2015

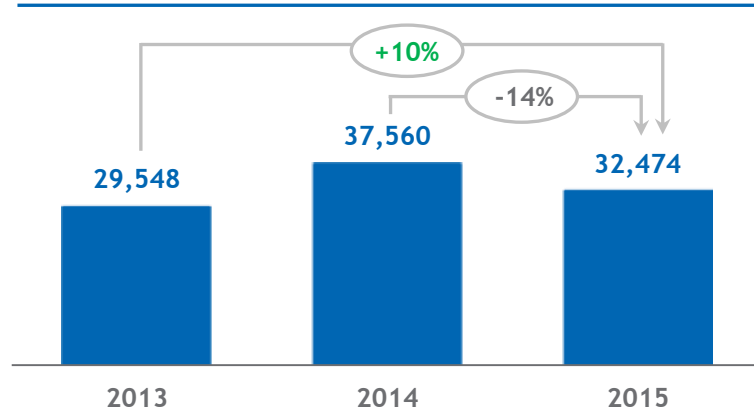
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Financial Results

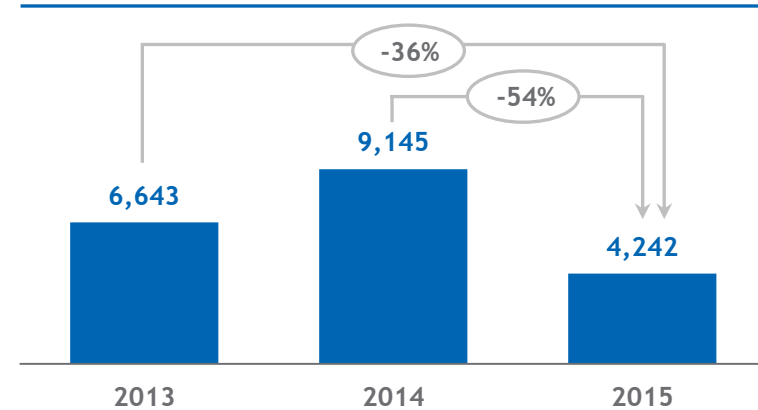


Consolidated revenue of RUB 42.4 bln in 2015, 18% lower vs. 2014 and 6% above 2013

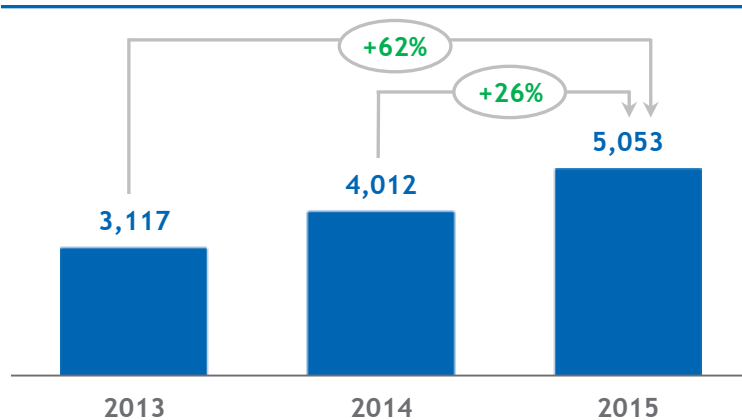
Residential real estate development revenue, RUB mln



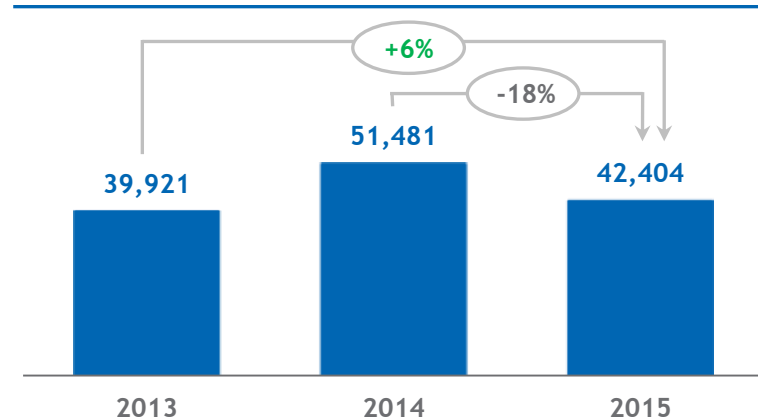
Construction services revenue from third parties/external*, RUB mln



Other revenue, RUB mln



Total revenue, RUB mln

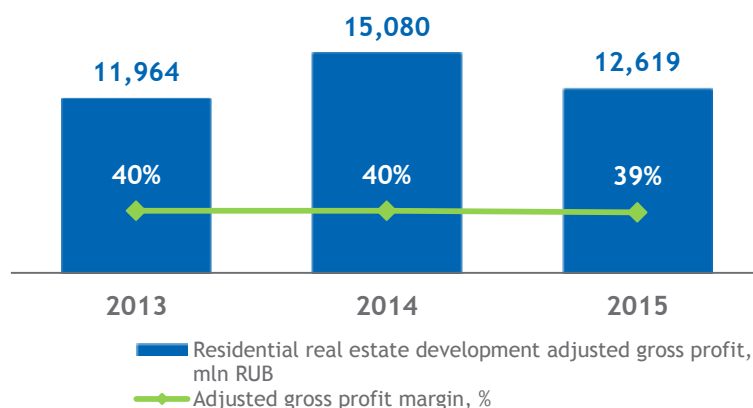


Source: IFRS financial statements

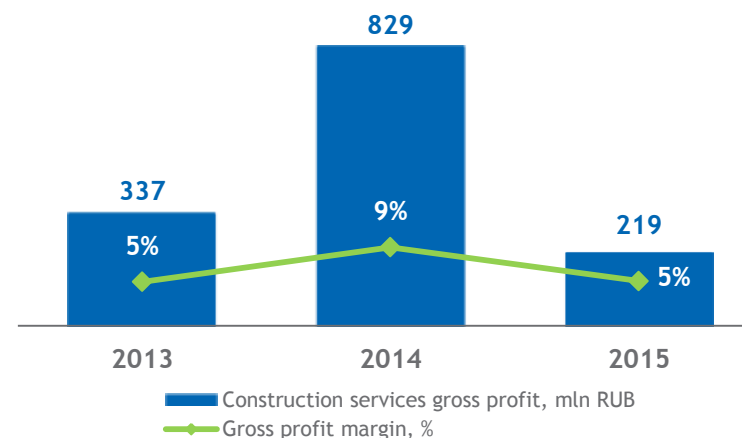
* Long-term external contracts (Note 7 to Consolidated IFRS financial statements)

Etalon Group maintained healthy profitability levels

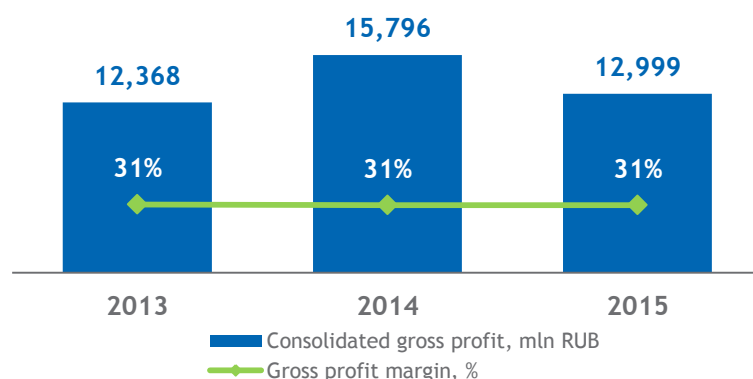
Residential real estate development adjusted gross profit⁽¹⁾, RUB mln



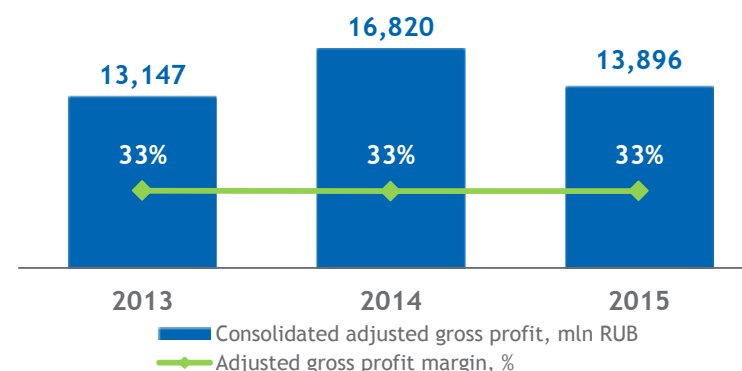
Construction services gross profit⁽²⁾, RUB mln



Consolidated gross profit, RUB mln



Consolidated adjusted gross profit⁽¹⁾, RUB mln

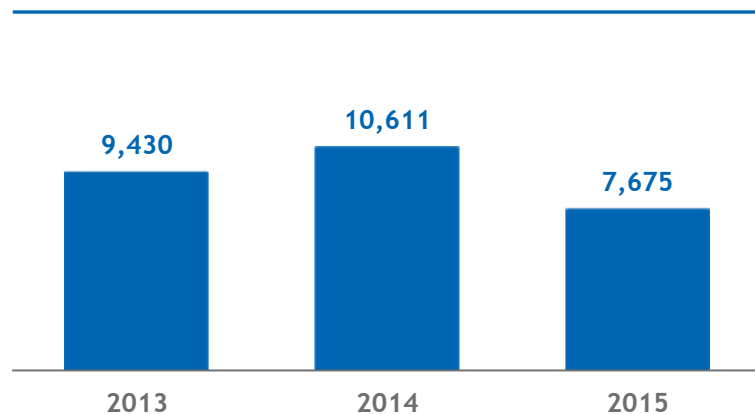


Source: IFRS financial statements

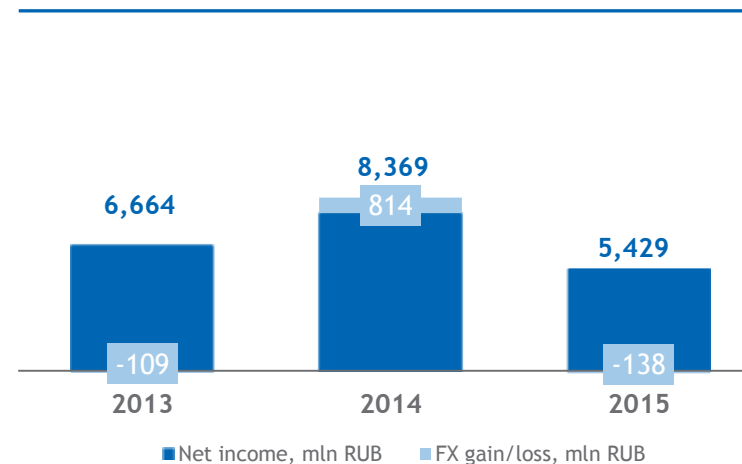
(1) Adjusted for interest in cost of sales
(2) Long-term external contracts (Note 7 to Consolidated IFRS financial statements)

Dividend payments increased by 118% in 2015

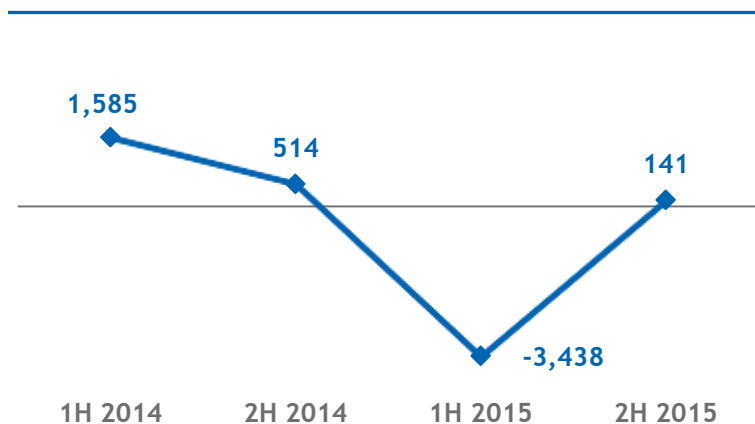
EBITDA, RUB mln



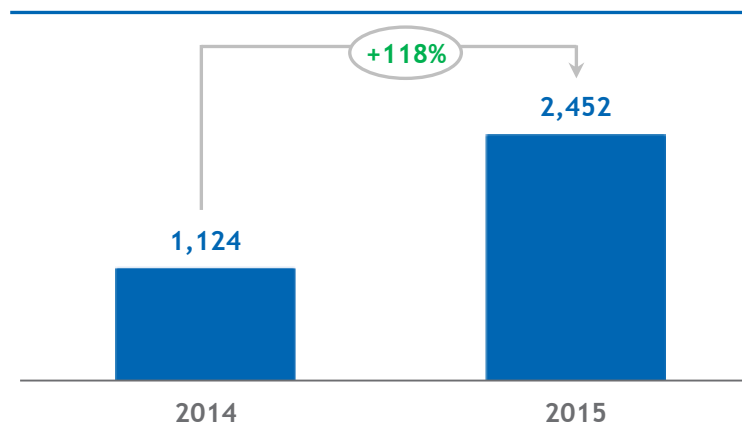
Net income, RUB mln



Operating cash flow⁽¹⁾, RUB mln



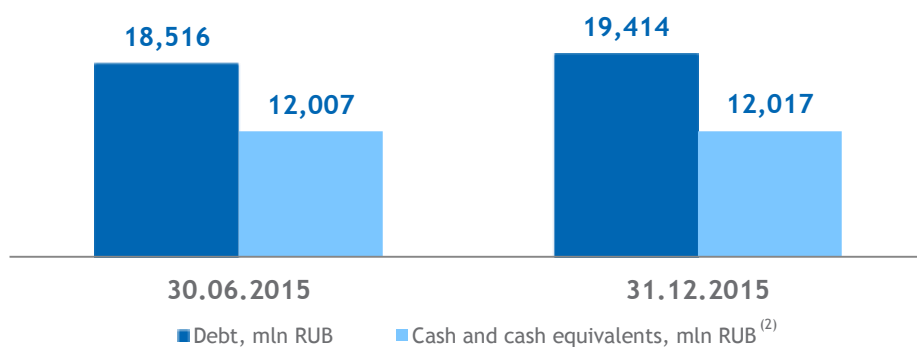
Dividends paid, RUB mln



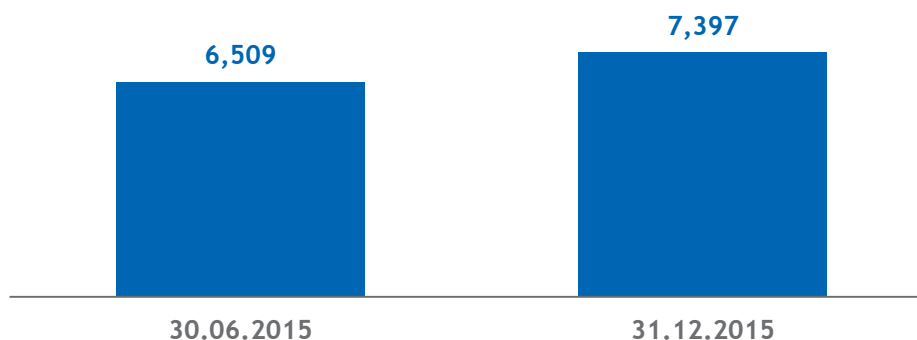
Source: IFRS financial statements
(1) Operating cash flow less interest paid

Strong balance sheet secures growth opportunities

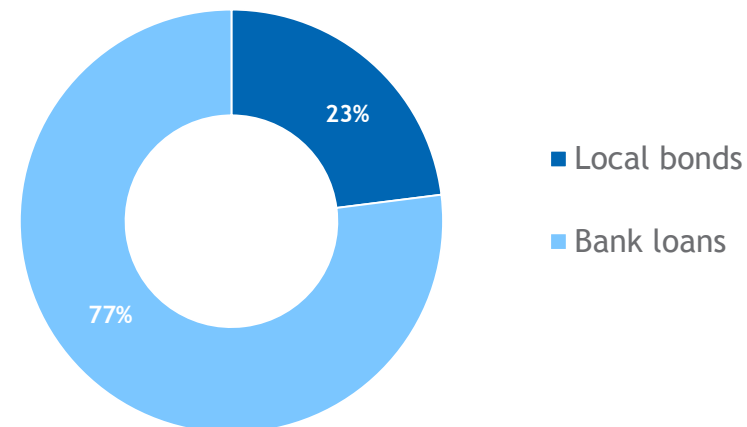
Strong liquidity position unchanged



Net debt, RUB mln



Gross debt composition (as of 31/12/2015)⁽¹⁾



Highlights

- All debt denominated in RUB
- Net debt/EBITDA below 1.0x⁽¹⁾

(1) Audited IFRS financial statements for 12M 2015

(2) Including bank deposits in ST Investments

4

Selected Projects



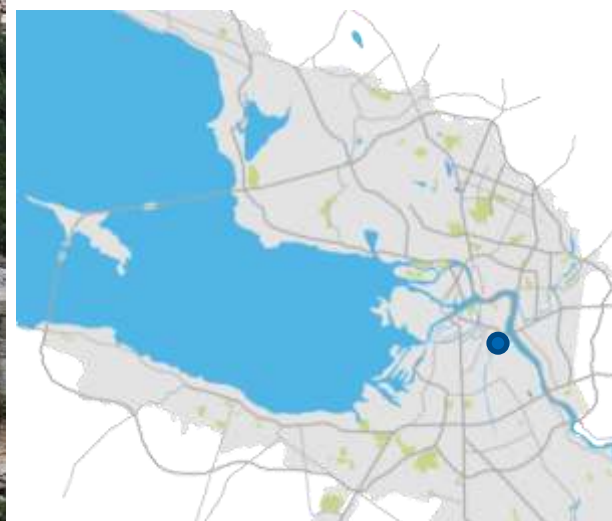
ExpoForum, 2015

Tsar's Capital

May 2016



December 2015



St. Petersburg

Total NSA 391 ths sqm

Open Market Value*
RUB 10,350 mln

Income from sales*
RUB 30,225 mln

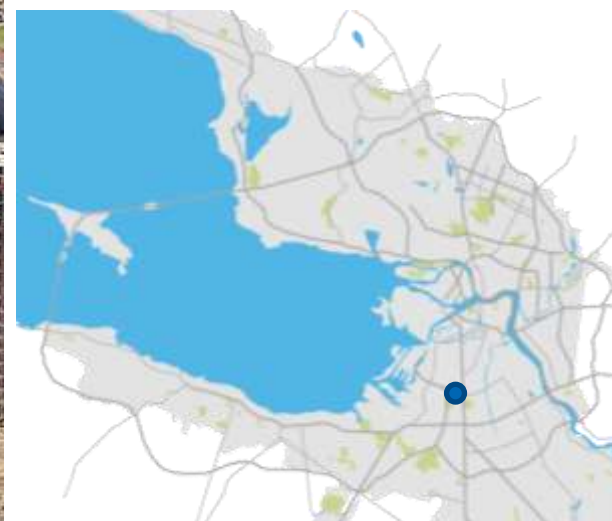
*JLL estimate as of 31.12.2015

Moscow Gates

May 2016



December 2015



St. Petersburg

Total NSA 234 ths sqm

Open Market Value*
RUB 10,176 mln

Income from sales*
RUB 24,049 mln

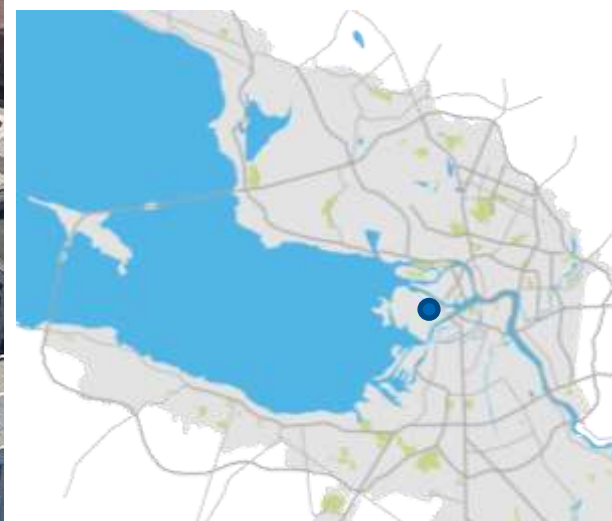
*JLL estimate as of 31.12.2015

Samotsvety

May 2016



December 2015



St. Petersburg

Total NSA 205 ths sqm

Open Market Value*
RUB 6,465 mln

Income from sales*
RUB 18,455 mln

*JLL estimate as of 31.12.2015

Swallow's Nest

May 2016



December 2015



St. Petersburg

Total NSA 335 ths sqm

Open Market Value*
RUB 6,700 mln

Income from sales*
RUB 23,431 mln

*JLL estimate as of 31.12.2015

Emerald Hills

May 2016



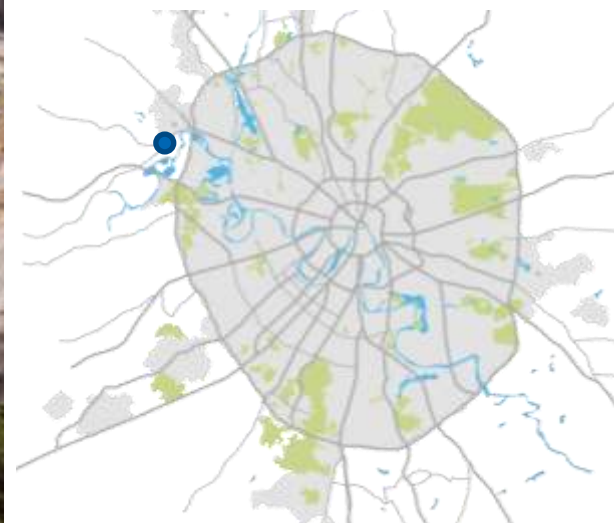
Moscow region

Total NSA 859 ths sqm

Open Market Value*
RUB 17,866 mln

Income from sales*
RUB 63,905 mln

December 2015



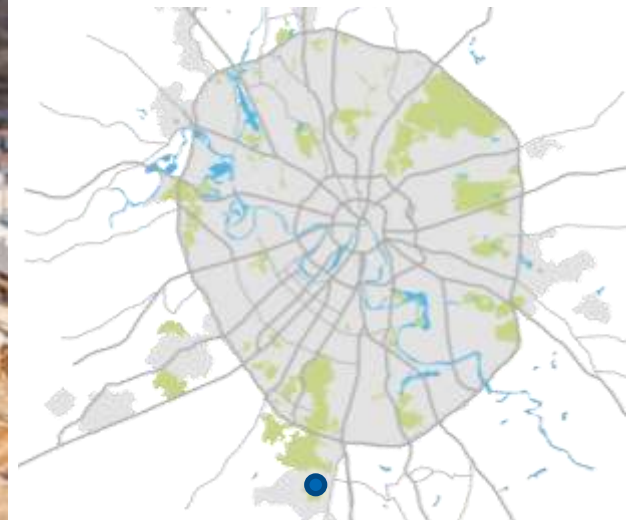
*JLL estimate as of 31.12.2015

Etalon City

May 2016



December 2015



Moscow

Total NSA 376 ths sqm

Open Market Value*
RUB 8,650 mln

Income from sales*
RUB 29,066 mln

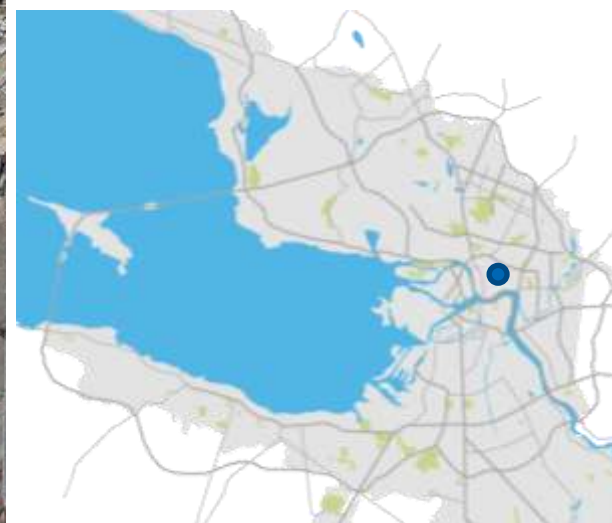
*JLL estimate as of 31.12.2015

Landyshi

May 2016



December 2015



St. Petersburg

Total NSA 91 ths sqm

Open Market Value*
RUB 2,081 mln

Income from sales*
RUB 7,299 mln

*JLL estimate as of 31.12.2015

Golden Star

May 2016



December 2015



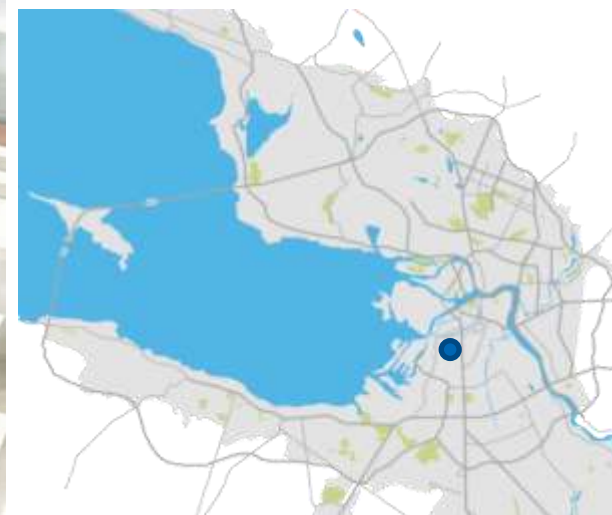
Moscow

Total NSA 85 ths sqm

Open Market Value*
RUB 4,540 mln

Income from sales*
RUB 11,009 mln

*JLL estimate as of 31.12.2015



St. Petersburg

Total NSA **798** ths sqm

Open Market Value*
RUB 10,787 mln

Income from sales*
RUB 72,311 mln

*JLL estimate as of 31.12.2015

Summer Garden



Moscow

Total NSA **283** ths sqm

Open Market Value*
RUB 7,640 mln

Income from sales*
RUB 32,236 mln

*JLL estimate as of 31.12.2015

5

Appendix



Golden Bay, 2008

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)
- 19% CAGR for deliveries over 2010-2015⁽¹⁾

Strong delivery track record

- Over 28 years of construction & development experience
- 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 37 cities

Diversified projects portfolio

- Land bank of 2.72 mln sqm⁽²⁾
- Land bank sufficient until 2019
- Projects well diversified by locations in SPMA and MMA

Liquidity and credit ratings

- Secure liquidity position supported by pre-sales cash collections model
- Low leverage: 0.96x net debt / EBITDA⁽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 30% to 50% of IFRS net profit semi-annually

⁽¹⁾ Company operating results;

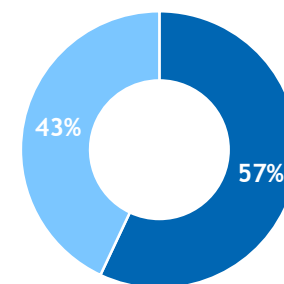
⁽²⁾ JLL land bank valuation report as of 31.12.2015;

⁽³⁾ IFRS financial statements as of 31 December 2015;

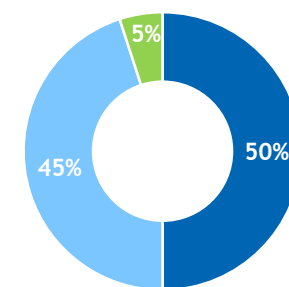
⁽⁴⁾ 'B+' long-term & 'B' short-term corporate credit ratings of SSMO LenSpetsSMU (last reconfirmed on 03.06.2016).

LSE ticker	ETLN:LI
Share price	USD 2.48 (14.06.2016)
Market capitalization	USD 724 mln (14.06.2016)
Portfolio valuation (by Jones Lang La Salle)	RUB 104,384 mln (31.12.2015)

Portfolio composition⁽²⁾



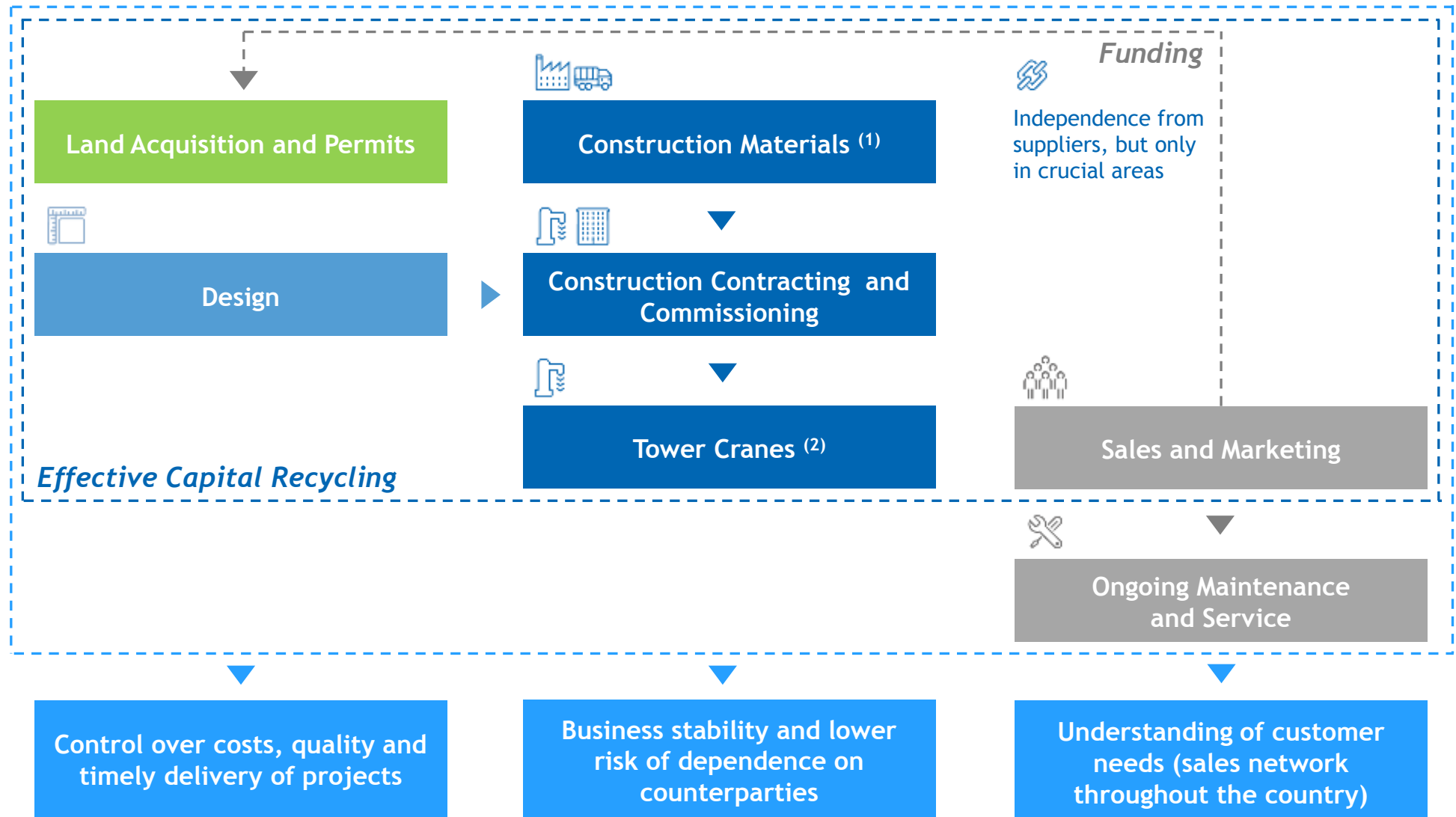
■ SPMA ■ MMA



■ Projects under development
■ Projects at design stage
■ Projects completed

Strategic vertical integration: control over costs, quality and timing

Etalon Group operates in every part of the property development process

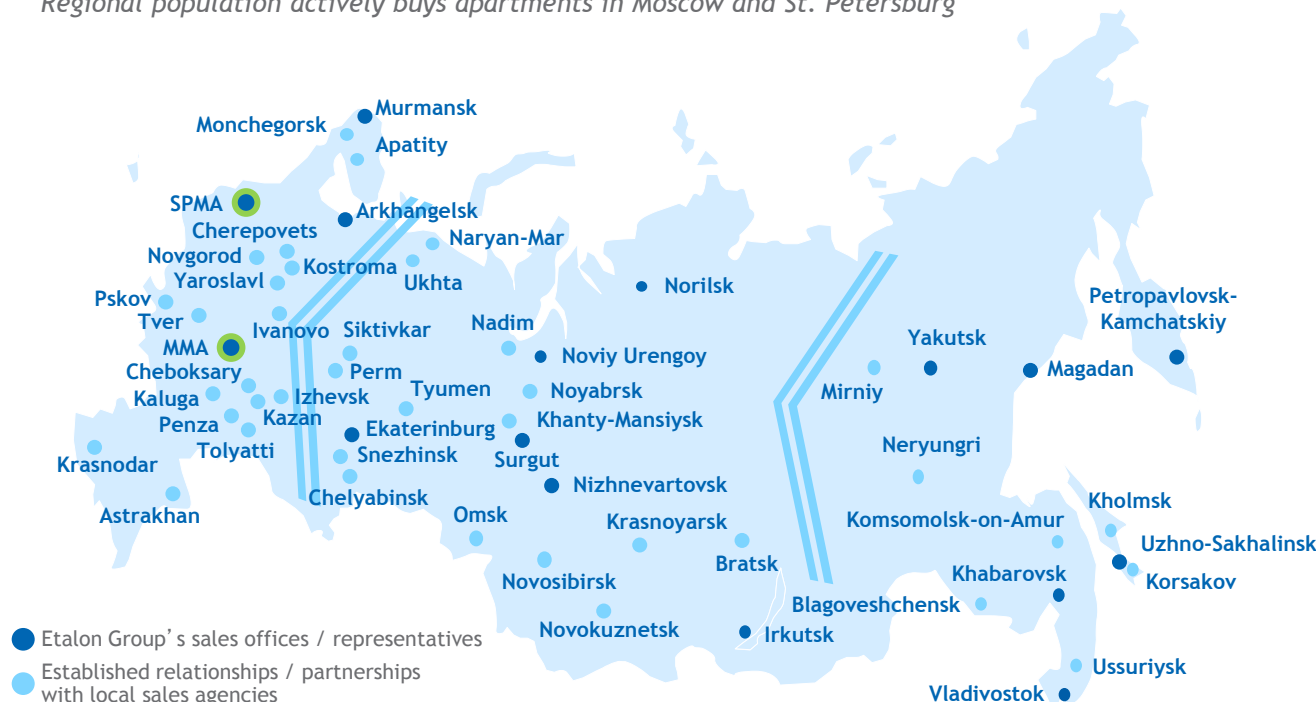


(1) Brick plant and concrete products plant. Own production only for "bottleneck" construction materials.
(2) 62 tower cranes (Liebherr and Wolff). Data as of 31.12.2015

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's sales force is focused on the regions with the **largest income per capita**
- Key markets: **SPMA and MMA**
- **37 cities covered** with 9 sales offices in St. Petersburg and 18 more sales offices nationwide
- External professional marketing and sales service agents engaged nationwide

(1) Source: company data for 1Q 2016

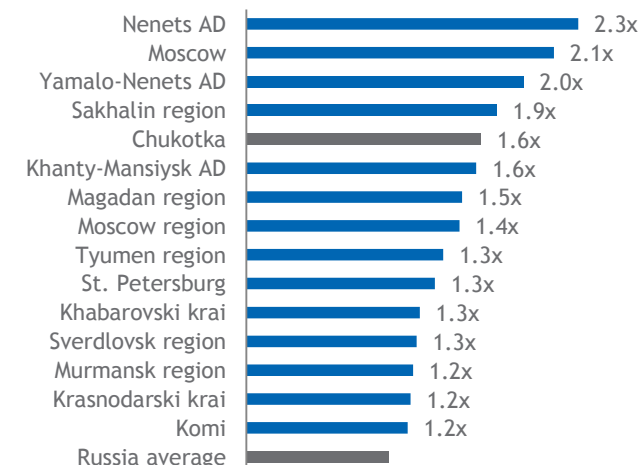
(2) Average monthly cash income per capita, Rosstat's preliminary estimates for 2M 2016

Etalon Group's regional sales geography⁽¹⁾

Region	Share of total contracts
Leningrad region	3.0%
Khanty-Mansiysk AD	1.9%
Khabarovsk krai	1.7%
Murmansk region	1.5%
Yamalo-Nenets AD	1.1%
Krasnoyarsk krai	1.0%
Arkhangelsk region	1.0%
Kamchatski krai	0.9%
Other Russian regions	20.1%
Foreigners	2.0%
Total	34.0%

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

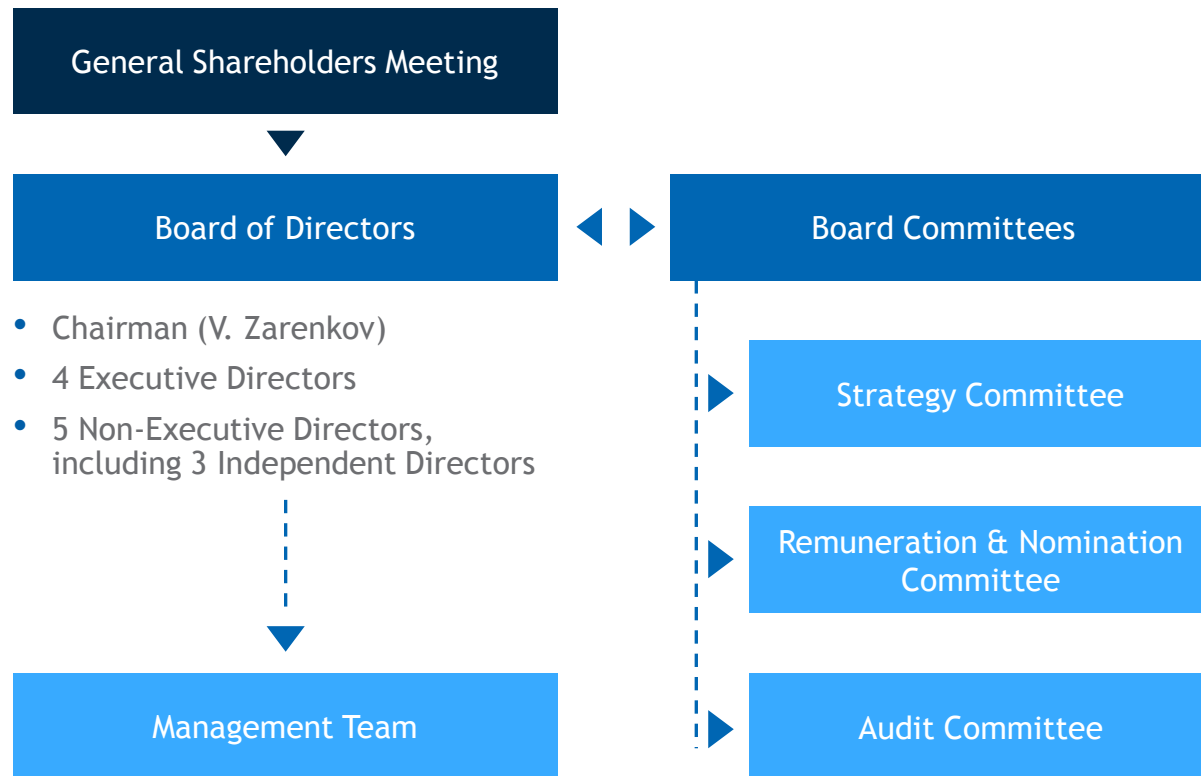
Regional income per capita to Russia average⁽²⁾



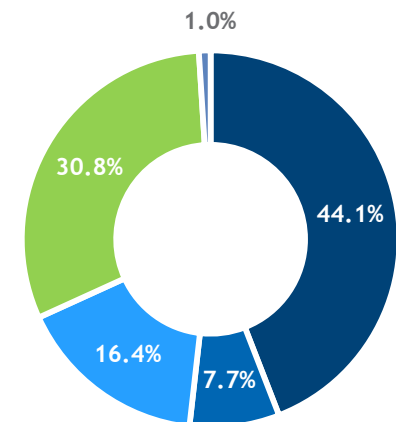
■ Etalon Group's target regions

Strong corporate governance and shareholder structure

Corporate governance structure



Shareholder structure



■ Zarenkov family
■ Management
■ Baring Vostok
■ Free float
■ Etalon Development Ltd

As of 31 December 2015

Source: Company data

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

- 46 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

- 19 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

Experience and awards

- 29 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 27 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

- 11 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 Xstel 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

- 21 years of experience in audit, 6 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

- 14 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

- 31 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

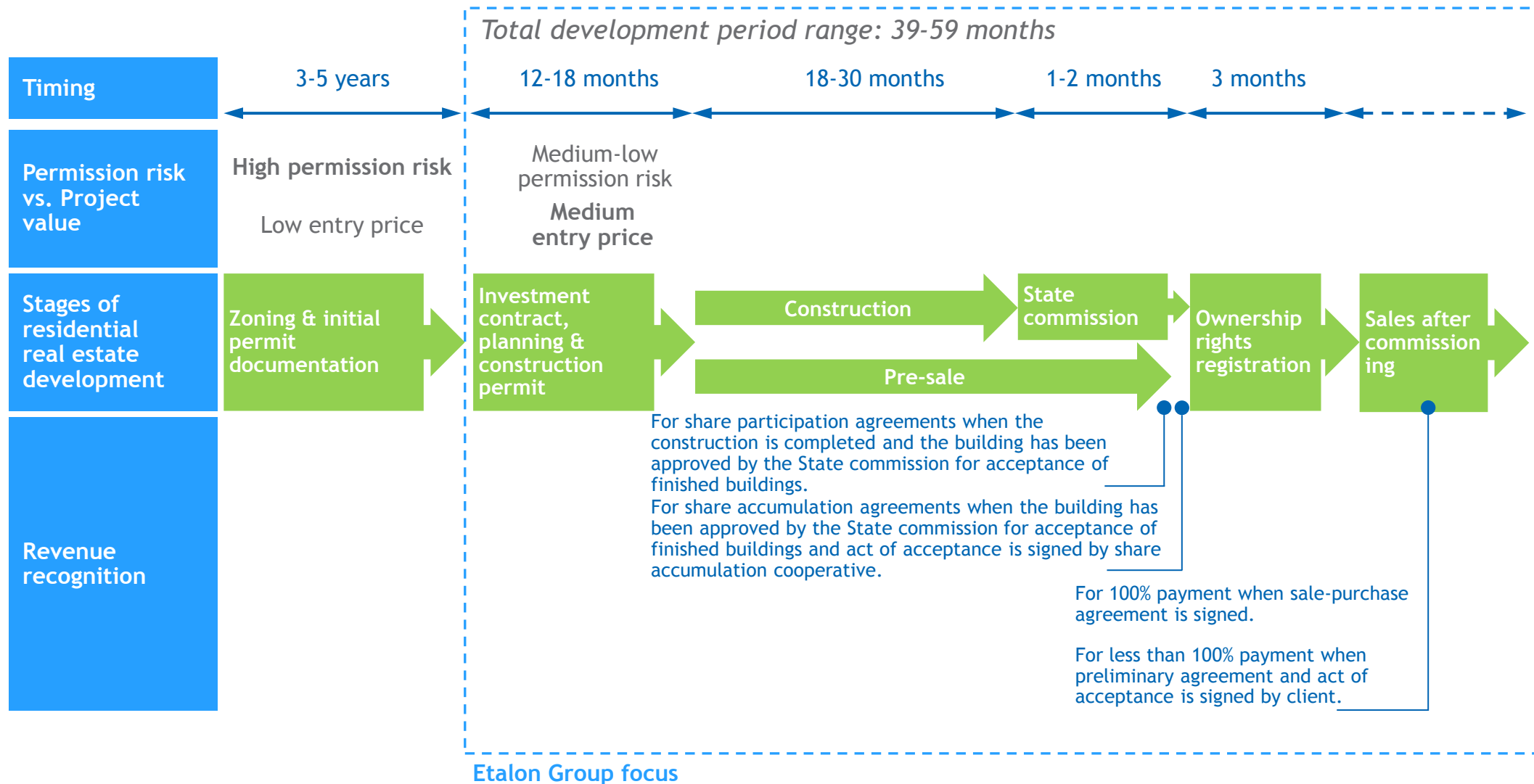
Education

- Moscow Power Engineering University
- PhD in Engineering

NON-EXECUTIVE DIRECTORS

⁽¹⁾ Title granted by President of Russia

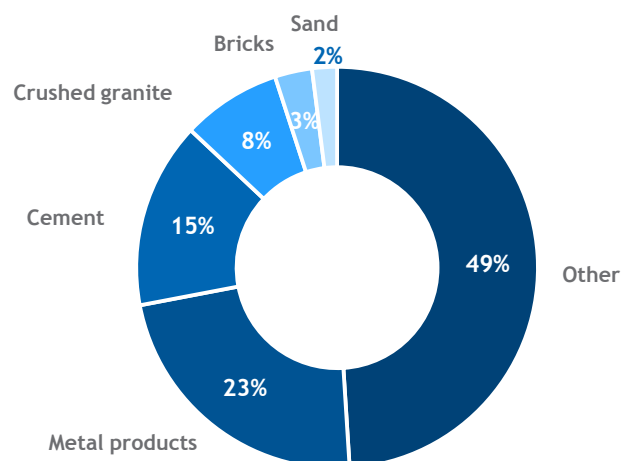
Residential development scheme



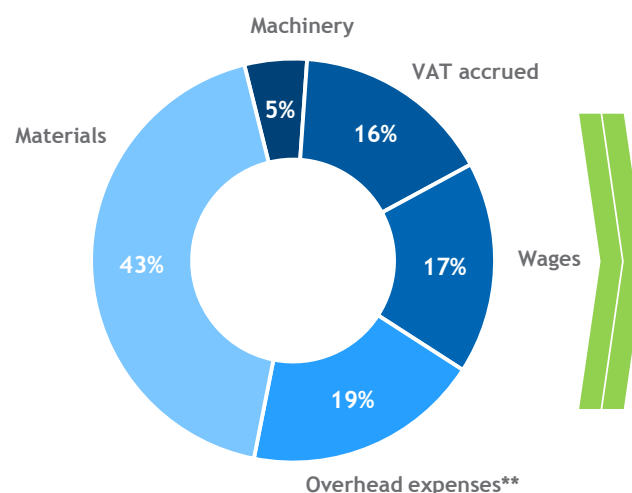
Source: Company data

Typical project cost structure

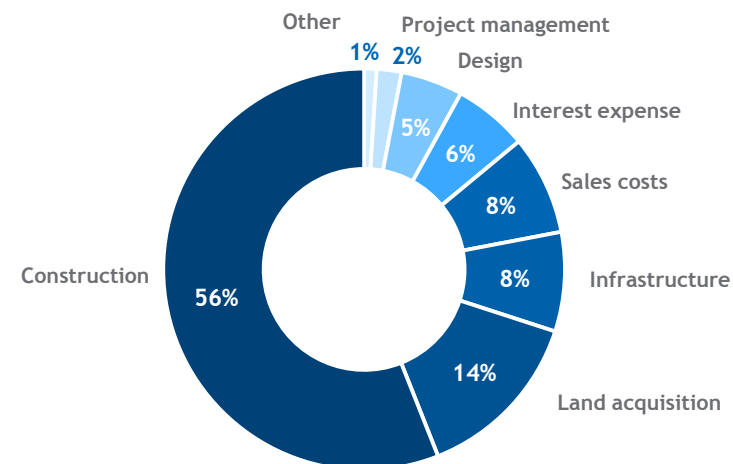
Materials cost structure*
(RUB 12,000 - 18,000 per sqm of NSA)



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



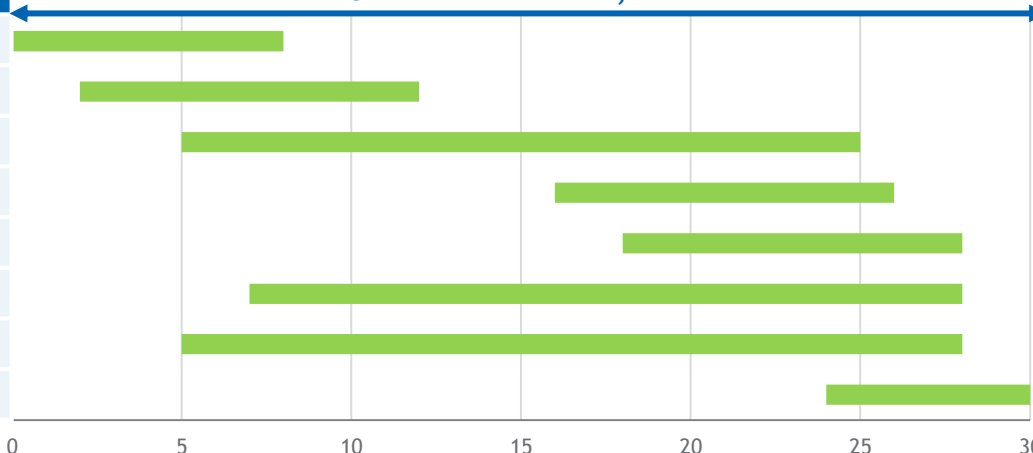
Total cost structure*
(RUB 59,000 - 72,000 per sqm of NSA)



Typical project lifecycle*

Task	Share, %	Start, month	Duration, months
Predevelopment	3	0	8
Zero cycle works	7	2	10
Construction works	43	5	20
Facade works	11	16	10
Fit out works	5	18	10
MEP systems	14	7	21
Engineering facilities	15	5	23
Urban landscaping	2	24	6

Construction timeline, months



*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.

**including payroll tax

Etalon Group has an extensive track record of successful industrial construction projects that meet the highest standards of quality

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
- This project was unique as work was carried out in the production area, next to the main production line, while it was in operation

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

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

*Expected date of completion

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

2015-2016*



- Construction of part of the Restoration and Storage Centre of the State Hermitage Museum in St. Petersburg
- Contract is worth RUB 1.6 billion
- Due to be completed in 4Q 2016

Income statement

RUB mln	1H13	1H14	1H15	2013	2014	2015
Revenue	16,635	14,539	18,148	39,921	51,481	42,404
Cost of sales	(11,064)	(10,759)	(12,584)	(27,553)	(35,685)	(29,405)
Gross profit	5,571	3,780	5,564	12,368	15,796	12,999
General and administrative expenses	(1,387)	(1,957)	(2,021)	(3,157)	(4,178)	(4,348)
Selling expenses	(460)	(577)	(619)	(1,023)	(1,474)	(1,411)
Other expenses, net	(96)	(166)	(341)	(40)	(913)	(991)
Results from operating activities	3,628	1,080	2,583	8,148	9,231	6,249
Finance income	434	391	998	691	1,717	1,686
Finance costs	(142)	(242)	(593)	(342)	(553)	(504)
Net finance income	292	149	405	349	1,164	1,182
Profit before income tax	3,920	1,229	2,988	8,497	10,395	7,431
Income tax expense	(822)	(302)	(795)	(1,833)	(2,026)	(2,002)
Profit for the period	3,098	927	2,193	6,664	8,369	5,429
Profit attributable to:						
Owners of the Company	3,083	927	2,188	6,629	8,345	5,399
Non-controlling interest	15	-	5	35	24	30
Profit for the period	3,098	927	2,193	6,664	8,369	5,429

Source: IFRS financial statements for 1H13, 1H14, 1H15, 2013, 2014, 2015

Balance sheet

RUB mln	1H13	1H14	1H15	2013	2014	2015
Assets						
Non-current assets						
PP&E	1,853	2,326	2,349	1,962	2,503	2,479
Investment property	638	1,052	618	1,142	808	538
Other long-term investments	241	684	684	275	1,036	578
Trade and other receivables	390	756	2,164	1,332	2,521	3,303
Deferred tax assets	433	710	1,040	560	885	1,159
Other non-current assets	10	10	10	10	10	5
Total non-current assets	3,565	5,538	6,865	5,281	7,763	8,062
Current assets						
Inventories	44,056	57,132	61,131	50,057	57,525	67,722
Trade and other receivables	14,387	17,746	15,926	15,078	15,074	18,227
Short-term investments	3,824	5,493	2,122	5,008	1,221	733
Cash and cash equivalents	8,559	9,635	10,042	8,139	14,631	11,532
Other current assets	20	18	66	7	66	7
Total current assets	70,846	90,024	89,287	78,289	88,517	98,221
Total assets	74,411	95,562	96,152	83,570	96,280	106,283

RUB mln	1H13	1H14	1H15	2013	2014	2015
Equity and Liabilities						
Equity						
Share capital	14,967	14,983	14,983	14,967	14,983	14,999
Retained earnings	25,771	30,259	37,011	29,332	36,537	39,697
Total equity attributable to equity holders of the Company	40,738	45,242	51,994	44,299	51,520	54,696
Non-controlling interest	394	387	170	387	351	147
Total equity	41,132	45,629	52,164	44,686	51,871	54,843
Non-current liabilities						
Loans and borrowings	10,750	10,050	13,375	10,176	12,411	13,138
Trade and other payables	1,041	678	4,024	785	2,854	923
Provision	61	91	112	89	114	117
Deferred tax liabilities	402	650	1,249	826	1,456	1,810
Total non-current liabilities	12,254	11,469	18,760	11,876	16,835	15,988
Current liabilities						
Loans and borrowings	2,359	4,689	5,141	3,043	3,880	6,276
Trade and other payables	18,399	32,436	18,451	22,300	21,460	25,630
Provisions	267	1,339	1,636	1,665	2,234	3,546
Total current liabilities	21,025	38,464	25,228	27,008	27,574	35,452
Total equity and liabilities	74,411	95,562	96,152	83,570	96,280	106,283

Source: IFRS financial statements for 1H13, 1H14, 1H15, 2013, 2014, 2015


Cashflow statement

RUB mln	1H13	1H14	1H15	2013	2014	2015
Operating Activities						
Profit for the period	3,098	927	2,193	6,664	8,369	5,429
<i>Adjustments for:</i>						
Depreciation	168	204	213	343	417	406
Loss / (gain) on disposal of PP&E	(27)	(46)	20	(15)	(52)	(65)
Impairment loss on investment property	-	60	166	-	280	215
Impairment loss on inventories	-	85	30	-	466	514
Finance income, net	(319)	(149)	(405)	(337)	(1,164)	(1,182)
Income tax expense	822	302	795	1,833	2,026	2,002
Cash from operating activities before changes in working capital	3,742	1,383	3,012	8,488	10,342	7,319
Change in inventories	(1,957)	(6,763)	(2,418)	(7,837)	(6,890)	(8,255)
Change in accounts receivable	(3,243)	(2,093)	(366)	(5,080)	(1,427)	(3,958)
Change in accounts payable	1,478	10,135	(1,461)	4,880	1,184	2,369
Change in provisions	(317)	(324)	(600)	1,109	594	1,315
Change in other current assets	12	(11)	-	25	(59)	59
Income tax paid	(632)	(742)	(1,605)	(907)	(1,645)	(2,146)
Interest paid	(871)	(683)	(1,180)	(1,724)	(1,588)	(2,516)
Net cash from/(used in) operating activities	(1,788)	902	(4,618)	(1,046)	511	(5,813)
Investing Activities						
Proceeds from disposal of non-current assets	57	52	29	15	66	188
Interest received	351	342	802	611	823	1,311
Acquisition of PP&E	(160)	(364)	(95)	(431)	(653)	(369)
Loans given	(37)	(16)	(4)	(55)	(178)	(123)
Loans repaid	17	79	21	85	174	66
Acquisition of subsidiaries, net of cash acquired	-	-	-	10	-	-
Disposal of subsidiaries, net of cash disposed of	(7)	-	(3)	(20)	7	-
(Acquisition)/disposal of other investments	2,850	(964)	(598)	1,606	3,038	1,155
Net cash used in investing activities	3,071	(871)	152	1,821	3,277	2,228
Financing activities						
Acquisition of non-controlling interest	-	-	(66)	(10)	(83)	(20)
Proceeds from borrowings	2,785	5,627	4,707	5,937	10,763	9,480
Repayments of borrowings	(6,624)	(4,278)	(2,323)	(9,668)	(8,498)	(6,281)
Acquisition of own shares	-	16	-	-	16	16
Dividends paid	-	-	(1,834)	-	(1,124)	(2,452)
Net cash from/(used in) financing activities	(3,839)	1,365	484	(3,741)	1,074	743
Net increase/(decrease) in cash and cash equivalents	(2,556)	1,396	(3,982)	(2,966)	4,862	(2,842)
Effect of FX rate fluctuations	399	100	(607)	389	1,630	(257)
Cash & cash equivalents at the end of the period	8,559	9,635	10,042	8,139	14,631	11,532

Source: IFRS financial statements for 1H13, 1H14, 1H15, 2013, 2014, 2015

EBITDA calculation

RUB mln	1H13	1H14	1H15	2013	2014	2015
Comprehensive income	3,098	927	2,193	6,664	8,369	5,429
Income tax expense	822	302	795	1,833	2,026	2,002
Interest expense on loans and finance leases	115	140	15	233	295	19
Net foreign exchange loss	-	70	438	109	-	138
Interest income on bank deposits	(342)	(307)	(686)	(583)	(729)	(1,089)
Interest income on loans and receivables	(9)	(35)	(116)	(28)	(94)	(222)
Net foreign exchange gain	(48)	-	-	-	(814)	-
Bank fees and commissions	40	42	49	80	117	95
Interest in COS	354	340	272	779	1,024	897
Depreciation	168	204	213	343	417	406
EBITDA	4,198	1,683	3,173	9,430	10,611	7,675



	1H13	1H14	1H15	2013	2014	2015
Depreciation to COGS (Note 13 PP&E)	149	160	167	292	271	284
Depreciation to selling expenses (Note 13 PP&E)	1	1	3	1	4	6
Depreciation to G&A expenses (Note 13 PP&E)	18	19	19	39	94	63
Depreciation to Investment property (Note 14 Investment property)	-	24	24	11	48	48
Depreciation to other non-current assets	-	-	-	-	-	5

Working capital calculation

RUB mln	1H13	1H14	1H15	2013	2014	2015
Total inventory	44,056	57,132	61,131	50,057	57,525	67,722
<i>Current part</i>						
+ Trade and other receivables	14,387	17,746	15,926	15,078	15,074	18,227
- Trade and other payables	18,399	32,436	18,451	22,300	21,460	25,630
- Provisions	267	1,339	1,636	1,665	2,234	3,546
<i>Non-current part</i>						
+ Trade and other receivables	390	756	2,164	1,332	2,521	3,303
- Trade and other payables	1,041	678	4,024	785	2,854	923
- Provisions	61	91	112	89	114	117
<i>Adjustments</i>						
- Cumulative borrowing costs capitalized during the period (Note 11 Finance income and finance costs)	3,457	4,660	6,636	4,092	5,416	7,977
+ Cumulative borrowing costs that have been included into the cost of sales (Note 11 Finance income and finance costs)	864	1,629	2,585	1,289	2,313	3,210
-Income tax receivable (Note 18 Trade and other receivables)	307	85	467	103	159	358
+Income tax payable (Note 25 Trade and other payables)	13	116	10	248	380	125
Working capital	36,178	38,090	50,490	38,970	45,576	54,036

FCF calculation

RUB mln	2013	2014	2015	1H14	2H14	1H15	2H15
Comprehensive income	6,664	8,369	5,429	927	7,442	2,193	3,236
<i>Adjustment for:</i>							
Depreciation	343	417	406	204	213	213	193
Loss/(gain) on disposal of PP&E	(15)	(52)	(65)	(46)	(6)	20	(85)
Impairment loss on investment property	-	280	215	60	220	166	49
Impairment loss on inventory	-	466	514	85	381	30	484
Loss on disposal of subsidiaries	-	-	-	-	-	-	-
Finance income, net	(337)	(1,164)	(1,182)	(149)	(1,015)	(405)	(777)
Income tax expense	1,833	2,026	2,002	302	1,724	795	1,207
Income tax paid	(907)	(1,645)	(2,146)	(742)	(903)	(1,605)	(541)
Interest paid	(1,724)	(1,588)	(2,516)	(683)	(905)	(1,180)	(1,336)
(Increase)/Decrease in working capital	(6,903)	(6,598)	(8,470)	944	(7,542)	(4,845)	(3,625)
(Increase)/Decrease in invested capital	(416)	(587)	(181)	(312)	(275)	(66)	(115)
FCF	(1,462)	(76)	(5,994)	590	(666)	(4,684)	(1,310)

(Increase)/Decrease in working capital based on CF statement	2013	2014	2015	1H14	2H14	1H15	2H15
Change in inventories	(7,837)	(6,890)	(8,255)	(6,763)	(127)	(2,418)	(5,837)
Change in accounts receivable	(5,080)	(1,427)	(3,958)	(2,093)	666	(366)	(3,592)
Change in accounts payable	4,880	1,184	2,369	10,135	8,951	(1,461)	3,830
Change in provisions	1,109	594	1,315	(324)	918	(600)	1,915
Change in other current assets	25	(59)	59	(11)	(48)	-	59
Working capital change	(6,903)	(6,598)	(8,470)	944	(7,542)	(4,845)	(3,625)

(Increase)/Decrease in invested capital based on CF statement	2013	2014	2015	1H14	2H14	1H15	2H15
Acquisition of PP&E	(431)	(653)	(369)	(364)	(289)	(95)	(274)
Proceeds from disposal of non-current assets	15	66	188	52	14	29	159
Invested capital change	(416)	(587)	(181)	(312)	(275)	(66)	(115)

Etalon Group Limited
Redwood House
St Julian's Avenue
St Peter Port
Guernsey
GY1 1WA

Tel: +44 (0)20 8123 1328
Fax: +44 (0)20 8123 1328
Email: info@etalongroup.com