

FIRST HALF 2017 FINANCIAL RESULTS

28 SEPTEMBER 2017

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SUMMARY

REVENUE

+22%



24,151

MLN RUB

In 1H 2017, on the back of strong deliveries and transfers, Etalon Group's revenue grew by 22% y-o-y to RUB 24,151 mln

EBITDA

+33%



2,288

MLN RUB

EBITDA increased by 33% y-o-y to RUB 2,288 mln

EBITDA margin amounted to 9.5%, up by 0.8 p.p. y-o-y

NET DEBT/EBITDA

1.2x

Net debt/EBITDA ratio remains almost unchanged at 1.2x

Average cost of borrowings declined from 12.71% at the end of 2016 to 11.73% at the end of 1H 2017

FINANCIAL RESULTS

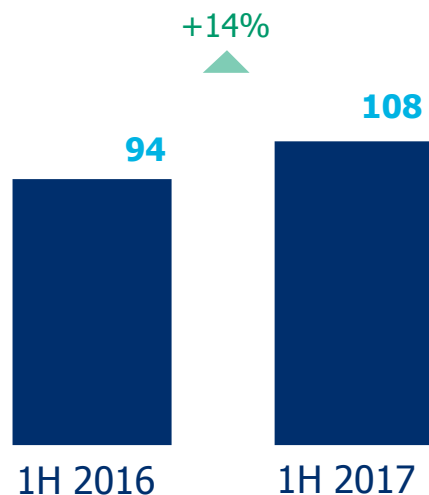


1H 2017 RESIDENTIAL DEVELOPMENT SEGMENT ANALYSIS

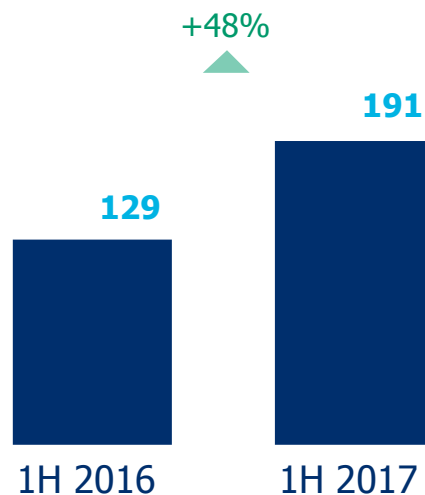


GROWTH IN DELIVERIES COUPLED WITH SALES OF COMPLETED REAL ESTATE ENABLED STRONG REVENUE RECOGNITION

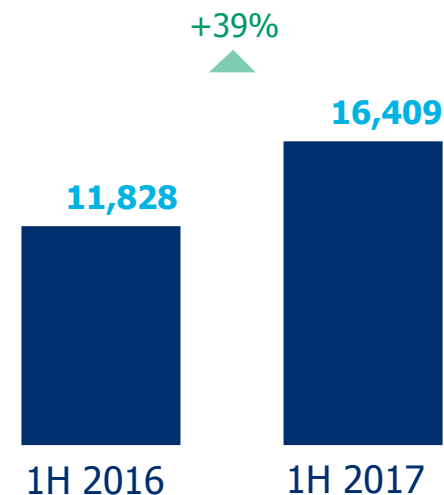
DELIVERIES
ths sqm



TRANSFERS
ths sqm



RESIDENTIAL REAL ESTATE
DEVELOPMENT REVENUE
mln RUB



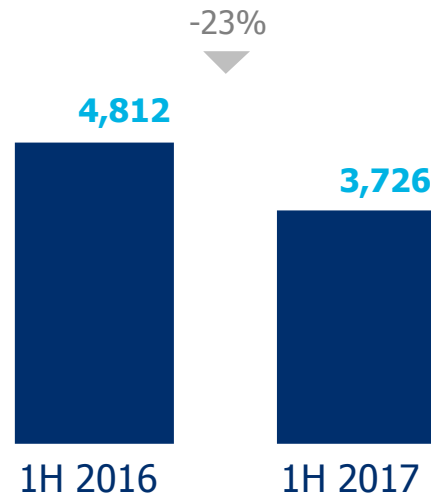
Source:
Company data, IFRS financial statements

1H 2017 REVENUE ANALYSIS

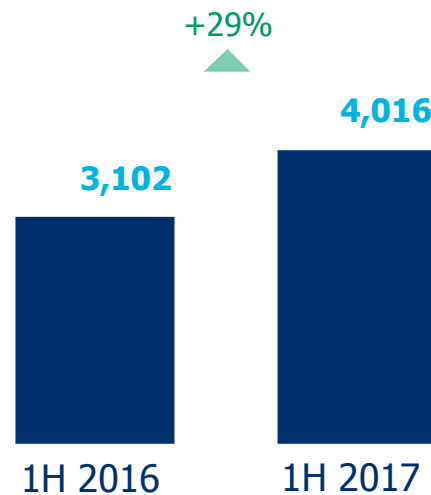


CONSOLIDATED REVENUE INCREASED
BY 22% Y-O-Y TO RUB 24.2 BLN

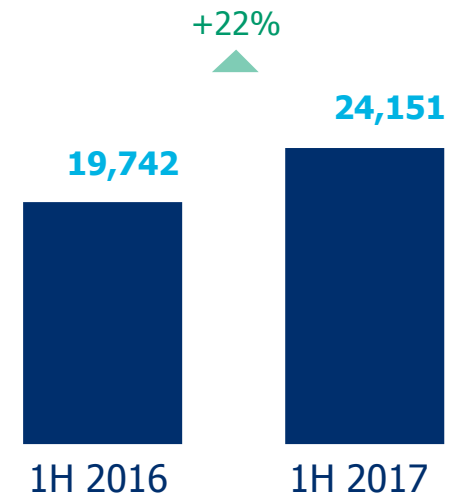
CONSTRUCTION SERVICES
REVENUE FROM THIRD PARTIES
mln RUB



OTHER REVENUE EXTERNAL⁽¹⁾
mln RUB



TOTAL REVENUE
mln RUB



Source:
IFRS financial statements

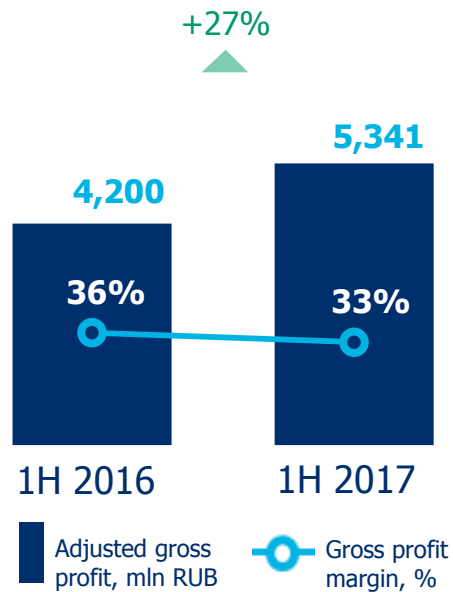
⁽¹⁾ Including revenue from selling construction materials, maintenance services, etc.

PROFITABILITY ANALYSIS

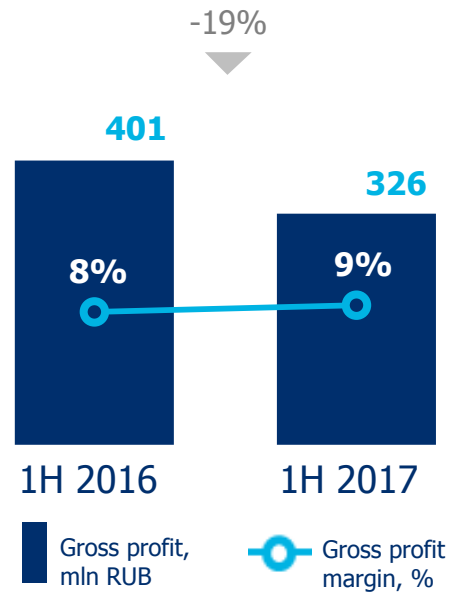


HEALTHY PROFITABILITY LEVELS
MAINTAINED

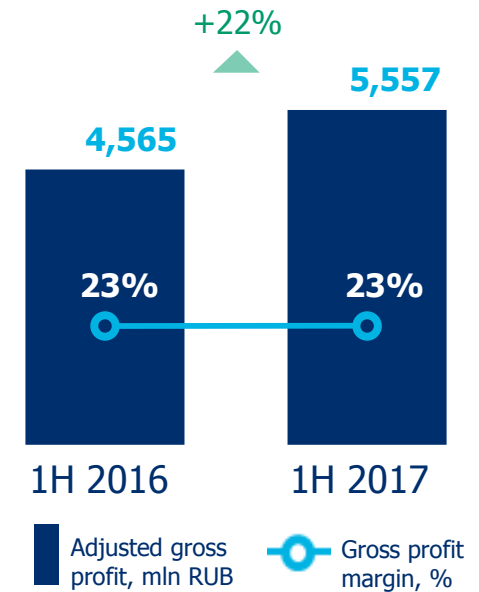
RESIDENTIAL REAL ESTATE DEVELOPMENT ADJUSTED GROSS PROFIT⁽¹⁾



CONSTRUCTION SERVICES GROSS PROFIT



CONSOLIDATED ADJUSTED GROSS PROFIT⁽¹⁾



Source:
IFRS financial statements

⁽¹⁾ Adjusted for interest
in cost of sales

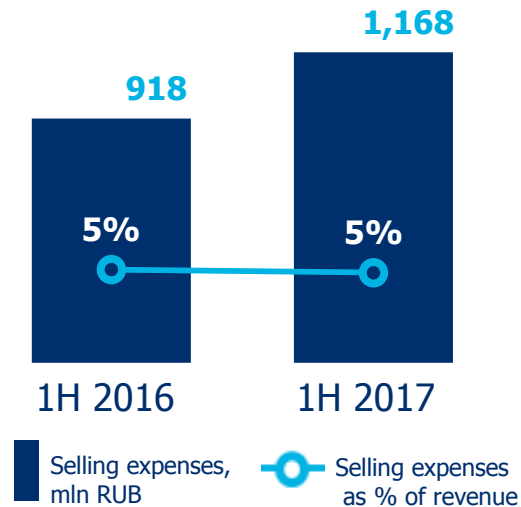
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

STRICT COST CONTROLS KEPT SG&A AND OTHER EXPENSES NEARLY FLAT

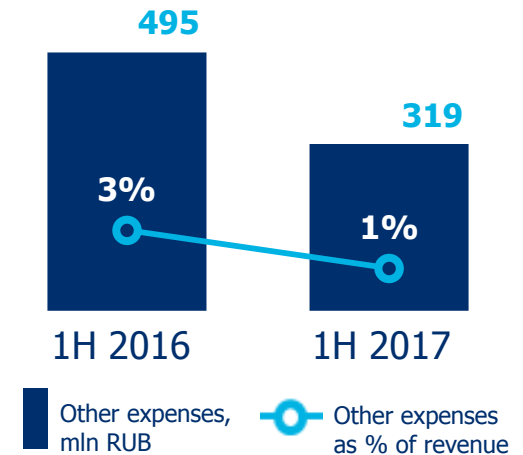
GENERAL AND ADMINISTRATIVE EXPENSES



SELLING EXPENSES

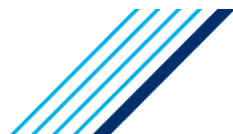


OTHER EXPENSES



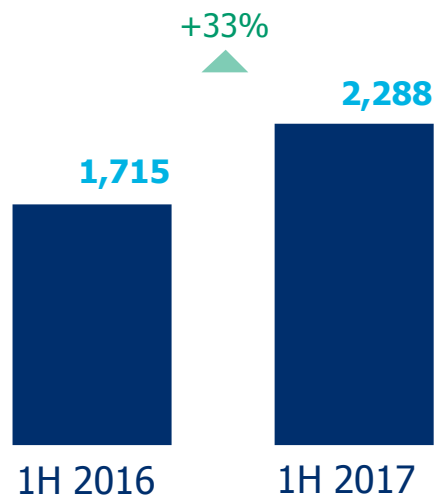
Source:
IFRS financial statements

EBITDA AND NET INCOME ANALYSIS

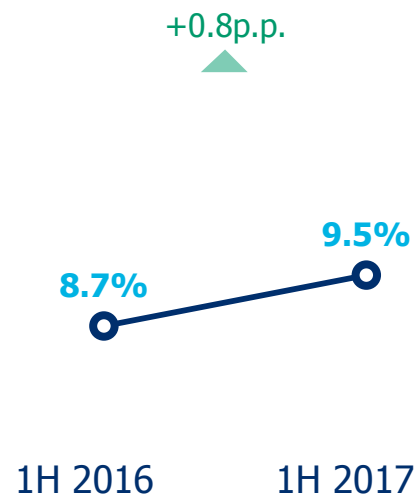


EBITDA INCREASED BY 33% Y-O-Y,
WITH EBITDA MARGIN UP BY 80 BPS

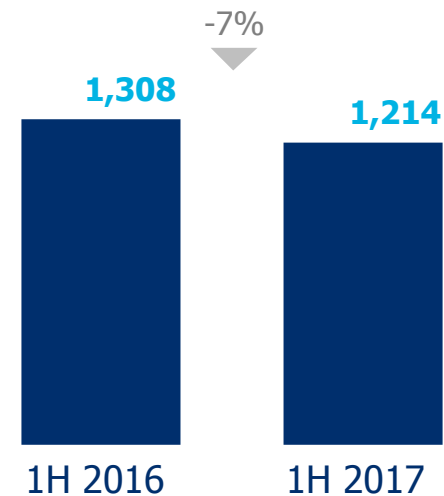
EBITDA
mln RUB



EBITDA MARGIN
%



NET INCOME
mln RUB



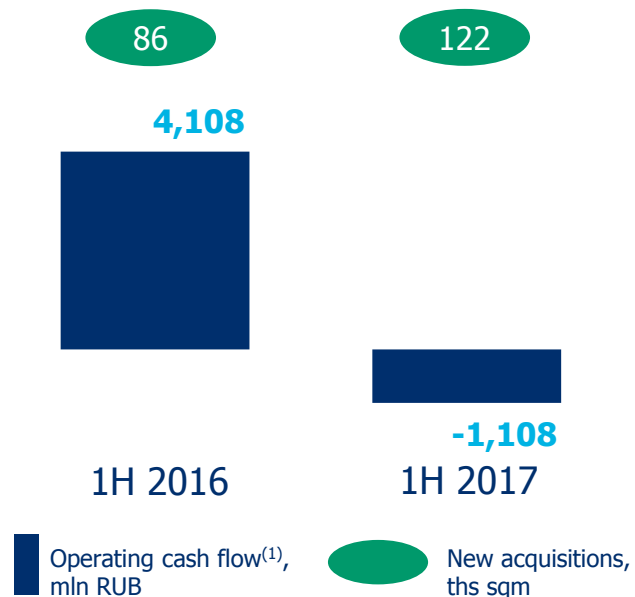
Source:
IFRS financial statements

OPERATING CASH FLOW ANALYSIS



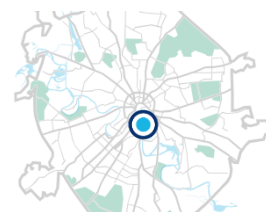
SLIGHTLY NEGATIVE CASH FLOW IN 1H 2017
DUE TO ACQUISITION OF TWO HIGH-END
PROJECTS IN MOSCOW AND ST PETERSBURG

OPERATING CASH FLOW⁽¹⁾



HIGHT-END PROJECTS ACQUIRED IN 1H 2017

PROJECT ON LETNIKOVSKAYA STREET



Location: Moscow
Total NSA: 75 ths sqm
Income from sales: RUB 15.8 bln⁽²⁾
Planned launch: 2018

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

PROJECT ON APTEKARSKIY PROSPEKT



Location: St Petersburg
Total NSA: 47 ths sqm
Income from sales: RUB 6.2 bln⁽²⁾
Planned launch: 2017

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

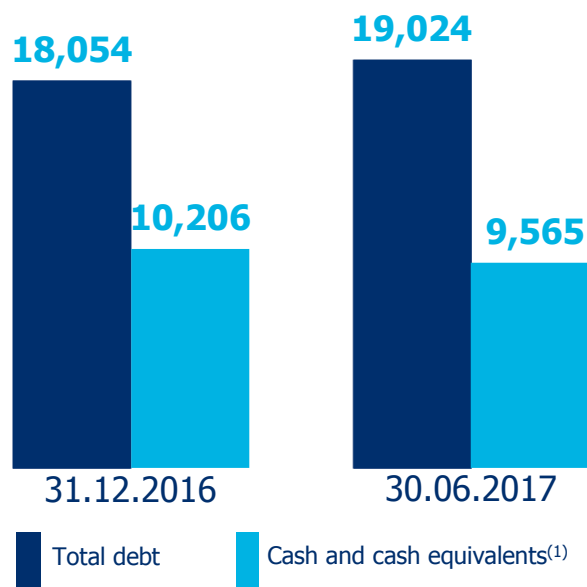
Source:
IFRS financial statements

⁽¹⁾ Operating cash flow
less interest paid

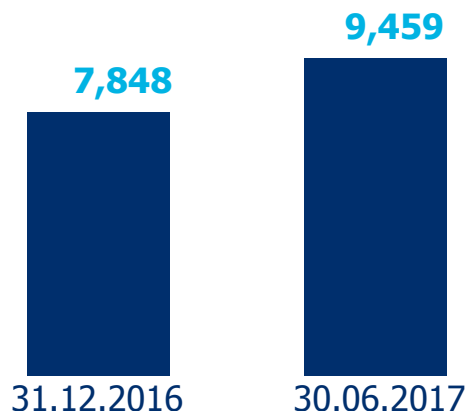
⁽²⁾ Based on management
estimates

MAINTAINING STRONG BALANCE SHEET

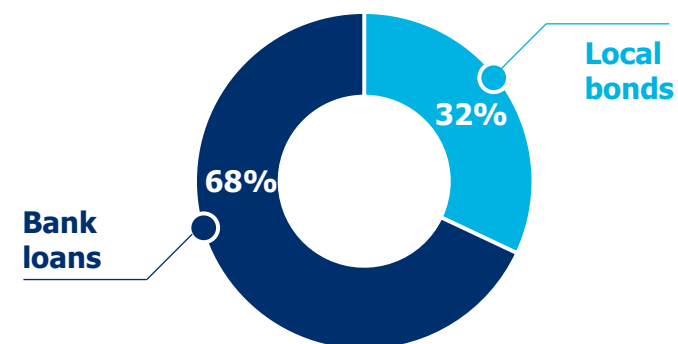
STRONG LIQUIDITY POSITION UNCHANGED mln RUB



NET DEBT mln RUB



BALANCED GROSS DEBT COMPOSITION⁽²⁾



- > 100% of debt denominated in RUB
- > Average cost of borrowings declined from 12.71% at the end of 2016 to 11.73% at the end of 1H 2017
- > In September, Etalon Group subsidiary Etalon LenSpetsSMU placed bonds in the amount of RUB 5 bln with a five-year term and a coupon rate of 8.95%, which is the lowest ever in Etalon Group's history of public borrowings. Demand exceeded the offering amount by 4.8 times
- > Net Debt/EBITDA remains stable at 1.2x

Source:
IFRS financial statements

⁽¹⁾ Including bank deposits
in ST Investments

⁽²⁾ As of 30.06.2017

APPENDIX



AT A GLANCE

PRESENCE IN RUSSIA'S LARGEST MARKETS

- > Focus on middle class residential real estate in Moscow metropolitan area (MMA) and St Petersburg metropolitan area (SPMA)
- > 12% CAGR for deliveries over 2010-2016⁽¹⁾

STRONG DELIVERY TRACK RECORD

- > Over 30 years of construction & development experience
- > 5.5 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 ths employees
- > Country-wide sales network covering 52 cities

DIVERSIFIED PROJECTS PORTFOLIO

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

LIQUIDITY AND CREDIT RATINGS

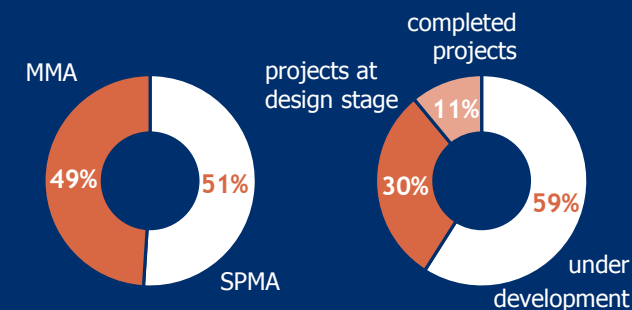
- > Secure liquidity position supported by pre-sales cash collections model
- > Low leverage: 1.2x net debt / LTM EBITDA⁽³⁾
- > Credit rating by S&P: B+/B⁽⁴⁾

CORPORATE GOVERNANCE

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

LSE ticker	ETLN:LI
Current share price	4.12 (27.09.2017)
Market Capitalisation	USD 1.204 bln
Portfolio valuation (by JLL) ⁽²⁾	RUB 115,818 mln (31.12.2016)

PORTFOLIO COMPOSITION⁽²⁾



⁽¹⁾ Company operating results

⁽²⁾ JLL land bank valuation report as of 31.12.2016

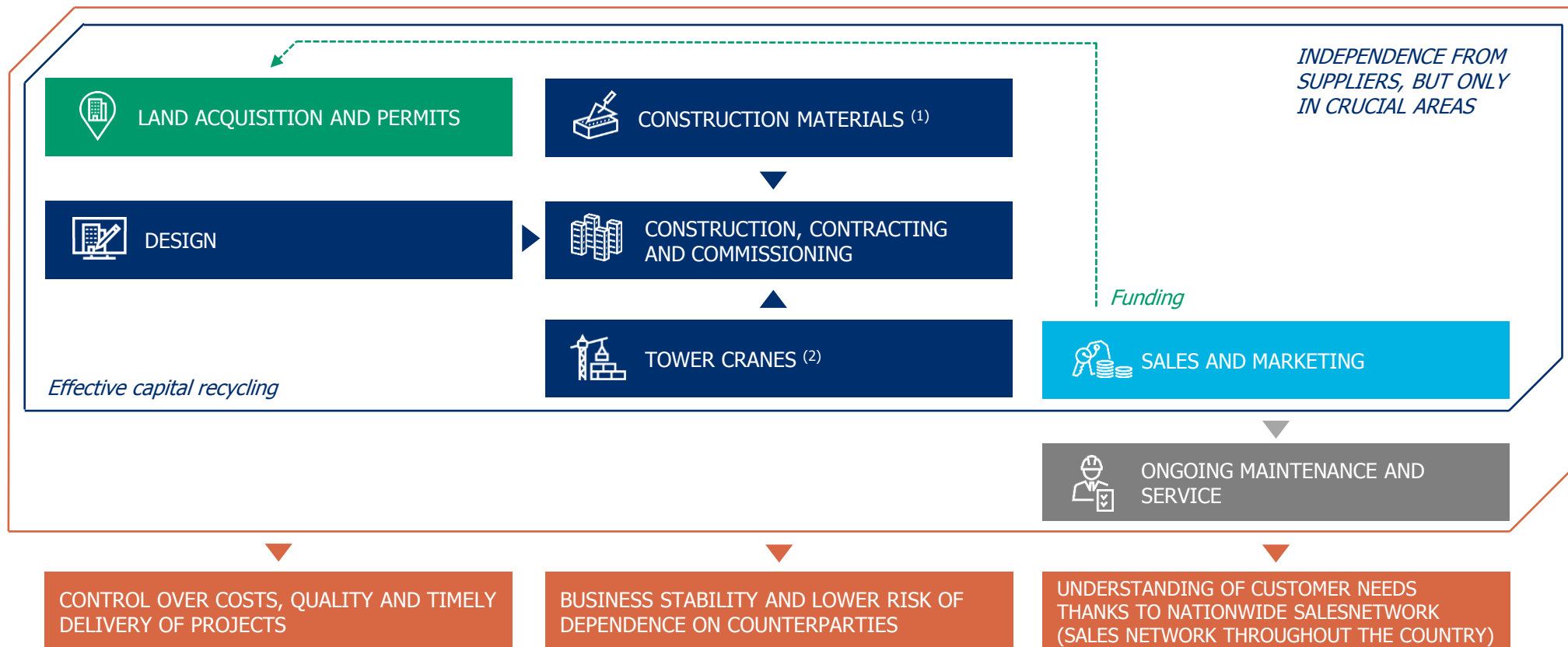
⁽³⁾ IFRS financial statements for 6M ended 30.06.2017

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

STRATEGIC VERTICAL INTEGRATION



ETALON GROUP OPERATES IN EVERY PART OF PROPERTY DEVELOPMENT PROCESS, WHICH MEANS CONTROL OVER COSTS, QUALITY AND TIMING



⁽¹⁾ Brick plant and concrete products plant.

⁽²⁾ 62 tower cranes (Liebherr and Wolff).
Data as of 30.06.2017

BOARD OF DIRECTORS REPRESENTS INTERESTS OF ALL INVESTOR GROUPS



FOUNDING SHAREHOLDERS



DMITRY ZARENKOV

Chairman of the Board of Directors

EXPERIENCE AND AWARDS

- 20 years of experience in construction industry
 - Honoured builder of Russia⁽¹⁾; Certificate of Honour of the Ministry of Regional Development
- EDUCATION**
- Institute of Aeronautical Instrumentation, St Petersburg University of Architecture & Civil Engineering, St Petersburg University of Internal Affairs
 - PhD in Engineering



VIACHESLAV ZARENKOV

President, CEO and Founding shareholder

EXPERIENCE AND AWARDS

- 47 years of experience in construction industry
 - Honoured builder of Russia⁽¹⁾
- EDUCATION**
- Institute of Civil Engineering, St Petersburg University of Internal Affairs
 - PhD in Economics, PhD in Technical Sciences, PhD in Architecture, Professor

EXECUTIVE DIRECTORS



DMITRY KASHINSKIY

Vice President

EXPERIENCE AND AWARDS

- Over 15 years of experience in construction industry
 - Worked at Barkli and AFT Development (Russia), where he served as CEO
- EDUCATION**
- Moscow Aviation Institute



KIRILL BAGACHENKO

Deputy CEO and Vice President

EXPERIENCE AND AWARDS

- 12 years' experience in corporate finance and asset management
 - Previously held position of senior equity portfolio manager at TKB BNP Paribas Investment Partners
 - In 2013 voted one of the top-3 portfolio managers in Russia by Thomson Reuters Exel Survey
- EDUCATION**
- St Petersburg State University of Economics and Finance

NON-EXECUTIVE DIRECTORS



MICHAEL JOHN CALVEY

Senior partner at Baring Vostok

EXPERIENCE AND AWARDS

- Member of the board of Europlan, Volga Gas, Gallery Media Group
 - Worked at EBRD, Salomon Brothers, Sovlink Corporation
 - Ex-Member of the board of CTC Media, Golden Telecom, Burren Energy
- EDUCATION**
- University of Oklahoma and London School of Economics



ALEXEI KALININ

Partner at Baring Vostok

EXPERIENCE AND AWARDS

- With Baring Vostok since 1999
 - Worked at Alfa-Bank and Alfa Capital
 - Chairman of the Board of Directors at Volga Gas, member of the board at Samarengo and other companies
- EDUCATION**
- Moscow Power Engineering University
 - PhD in Engineering

INDEPENDENT NON-EXECUTIVE DIRECTORS



BORIS SVETLICHNY

Independent Non-Executive Director

EXPERIENCE AND AWARDS

- Over 27 years of experience in finance and senior management with international and Russian companies
 - Recent experience included CFO position at Orange in Russia, VP for Finance at Vimpelcom and CFO at Golden Telecom
- EDUCATION**
- University of Massachusetts (BBA in Accounting), Carnegie-Mellon University (MBA)



MARTIN COCKER

Independent Non-Executive Director

EXPERIENCE AND AWARDS

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



CHARALAMPOS AVGOUSTI

Independent Non-Executive Director

EXPERIENCE AND AWARDS

- 10 years of legal experience in the real estate, corporate and banking sectors
 - Founder and Managing Director of Ch. Avgousti & Partners LLC (Advocates & legal consultants)
 - Board member at Cyprus Telecommunication Authority (CYTA), member of the Advisory council of Limassol for the Central Cooperative Bank
- EDUCATION**
- Northumbria University Newcastle (LLM in International Commercial Law), Democritus University of Thrace



MARIOS THEODOSIOU

Independent Non-Executive Director

EXPERIENCE AND AWARDS

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

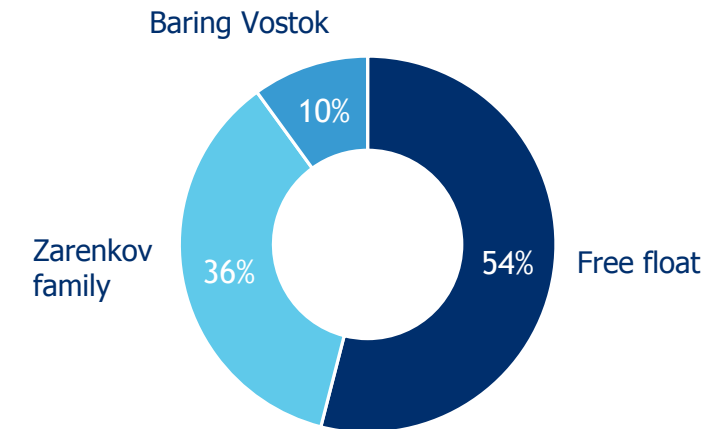
⁽¹⁾ Title granted by President of Russia

CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE

CORPORATE GOVERNANCE STRUCTURE



SHAREHOLDER STRUCTURE⁽¹⁾



Source:
Company data

⁽¹⁾ As of 1 June 2017

21 PROJECTS IN MOSCOW AND ST PETERSBURG

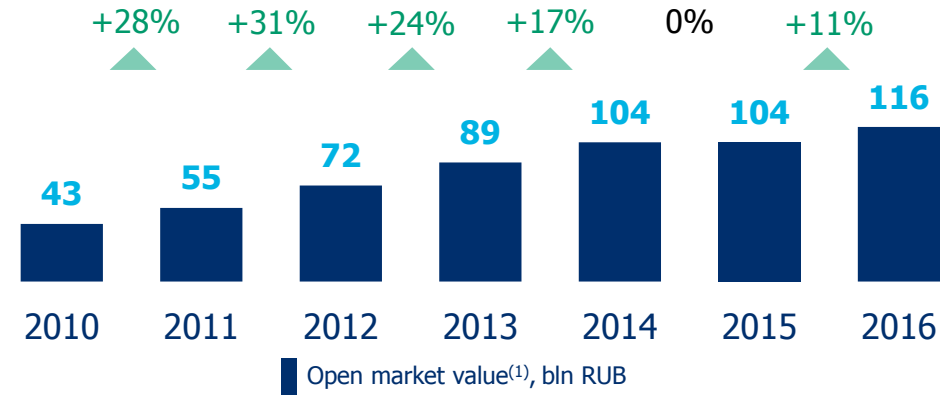


OUR IMPORTANT COMPETITIVE ADVANTAGE IS A WELL-DIVERSIFIED PORTFOLIO OF HIGH QUALITY PROJECTS

LANDBANK AT A GLANCE

- > Open market value⁽¹⁾
RUB 115.8 bln
- > Open market value per share/GDR
USD 6.5⁽²⁾
- > Unsold NSA
2.82 mln sqm
- > **21 projects⁽³⁾** in Moscow metropolitan area⁽⁴⁾ and St Petersburg
- > Location
49% / 51% balance between Moscow metropolitan area⁽⁴⁾ and St Petersburg

LANDBANK DEVELOPMENT



- > Steady growth in portfolio value despite economic volatility
- > Six projects in Moscow and Moscow region under construction⁽⁵⁾
- > Higher share of prime location projects linked to comfort plus and business class

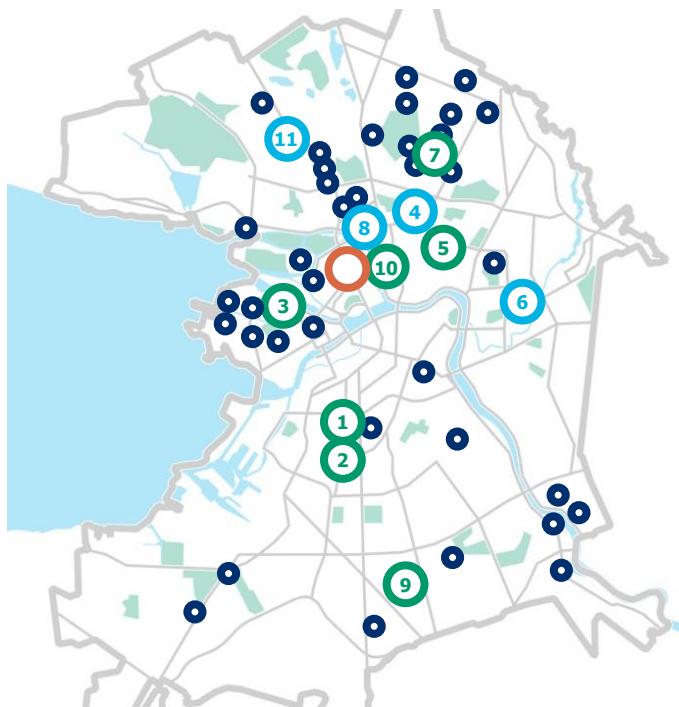
⁽¹⁾ JLL estimate as of 31.12.2016
⁽²⁾ Exchange rate as of 31.12.2016

⁽³⁾ As of 31.12.2016
23 projects as of August 2017, including recent acquisitions

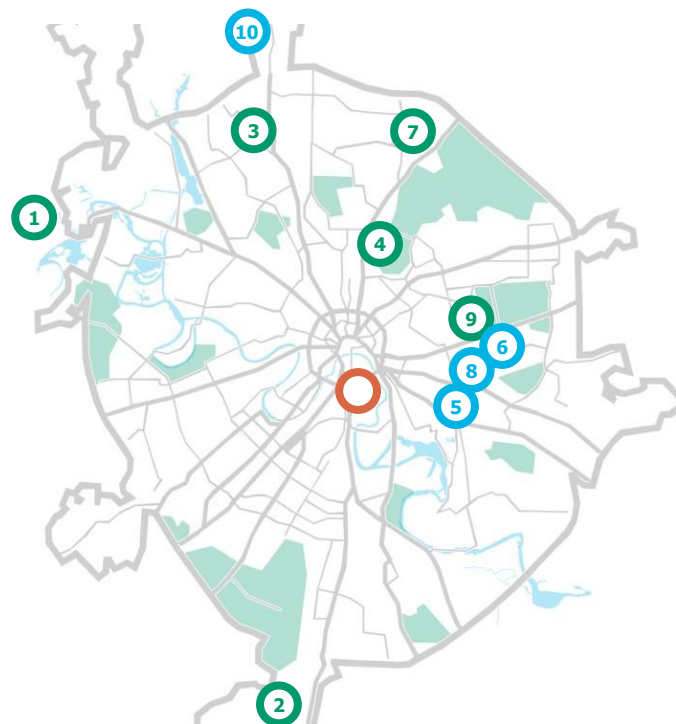
⁽⁴⁾ Moscow, New Moscow and Moscow region within 30 km from Moscow Ring Road
⁽⁵⁾ Including Silver Fountain launched in August 2017

OPERATIONS IN ST PETERSBURG AND MMA⁽¹⁾

PROJECTS IN ST PETERSBURG



PROJECTS IN MOSCOW METROPOLITAN AREA⁽¹⁾



-  UNDER CONSTRUCTION
-  DESIGN STAGE
-  COMPLETED
-  ACQUIRED IN 2017

⁽¹⁾ Moscow, New Moscow and Moscow region within 30 km from Moscow Ring Road

ETALON GROUP PORTFOLIO

PROJECT	STATUS	TOTAL NSA (‘000 SQM)	UNSOLD NSA (ETALON'S SHARE) (‘000 SQM) ⁽¹⁾	UNSOLD PARKING (LOTS), #	OMV (MLN RUB)	INCOME FROM SALES (MLN RUB) ⁽²⁾	CONSTRUCTION BUDGET (MLN RUB) ⁽³⁾	OUTSTANDING BUDGET (MLN RUB) ⁽³⁾
CURRENT PROJECTS								
SAINT PETERSBURG METROPOLITAN AREA (SPMA)								
1. Galactica	Construction	841.1	660.1	4,395	15,174	69,618	44,064	38,877
2. Moscow Gates	Construction	234.6	101.6	804	8,004	21,642	10,849	1,854
3. Samotsvety	Construction	212.8	94.7	785	5,903	18,252	9,360	2,742
4. Kalininskiy District	Design stage	95.9	81.9	496	1,596	8,022	4,388	4,378
5. Landyski (Polyustrovskiy prospect)	Construction	91.8	34.1	397	1,806	7,551	4,092	2,121
6. Krasnogvardeiskiy District	Design stage	50.0	50.0	197	1,239	4,795	2,710	2,710
7. House on Obruchevykh street	Construction	42.3	36.8	476	1,949	5,153	2,438	2,288
8. Beloostrovskaya (Primorskiy District)	Design stage	33.5	33.5	210	614	4,088	2,467	2,458
9. House on Kosmonavtov	Construction	26.3	24.1	198	788	2,319	1,224	1,216
10. Fusion (Krapivniy pereulok)	Construction	14.0	14.0	83	719	1,800	810	806
11. Korolyova prospect	Design stage	6.0	6.0	35	177	562	362	331
TOTAL SPMA		1,648	1,137	8,076	37,969	143,803	82,765	59,780
MOSCOW METROPOLITAN AREA (MMA) ⁽⁴⁾								
1. Emerald Hills	Construction	855.9	321.2	2,136	18,415	65,149	38,793	9,527
2. Etalon-City	Construction	365.1	133.5	1,163	7,512	27,827	20,324	8,919
3. Summer Garden (Dmitrovskoe shosse)	Construction	283.4	207.1	1,053	6,880	29,328	17,640	16,034
4. Silver Fountain (Aleksandrovskiy District)	Design stage	182.9	169.6	2,160	9,573	25,085	9,700	9,489
5. Ryazanskiy prospect	Design stage	185.3	149.9	1,446	3,603	19,976	11,330	11,330
6. Perovo Region	Design stage	172.9	138.4	1,335	3,564	18,791	10,382	10,381
7. Normandy (Losinoostrovskiy District)	Construction	91.5	83.9	851	3,727	10,221	4,833	4,703
8. Nizhegorodskiy Region	Design stage	86.2	72.0	734	1,719	9,231	5,389	5,388
9. Golden Star (Budennogo)	Construction	85.1	41.2	264	3,005	10,054	5,343	2,598
10. Mytishinskiy District	Design stage	59.6	52.2	212	1,142	5,080	2,852	2,847
TOTAL MMA			1,369	11,354	59,140	220,741	126,586	81,216
TOTAL CURRENT PROJECTS			2,506	19,430	97,109	364,544	209,351	140,996
COMPLETED PROJECTS								
Residential property in completed projects		2,088.0	302.6	5,373	18,440	145,105		
Completed stand-alone commercial properties		9.9	9.9	55	269	401		
TOTAL COMPLETED PROJECTS		2,098	313	5,428	18,709	145,506		
TOTAL ETALON GROUP PROJECTS		6,114	2,819	24,858	115,818	510,050	209,351	140,996

Source: all numbers based on JLL report as of 31.12.2016

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

⁽²⁾ Income from sales includes potential and received incomes as of 31.12.2016

⁽³⁾ Excluding land acquisition costs

⁽⁴⁾ Moscow, New Moscow and Moscow region within 30 km from Moscow Ring Road

POWERFUL SALES NETWORK ACROSS THE COUNTRY



NATIONWIDE SALES & MARKETING
NETWORK SUPPORTS SUSTAINABLE
CONTRACT SALES

REGIONAL POPULATION ACTIVELY BUYS
APARTMENTS IN MOSCOW AND
ST PETERSBURG



- Etalon Group's sales force is focused on the regions with the highest per capita income levels
- Key markets: SPMA and MMA
- 52 cities covered with 8 sales offices in St Petersburg and 22 more sales offices nationwide
- External professional marketing and sales service agents engaged nationwide

⁽¹⁾ Source: company data for 2Q 2017

⁽²⁾ Average monthly cash income per capita, Rosstat's preliminary estimates for 4M 2017

ETALON GROUP'S REGIONAL SALES GEOGRAPHY⁽¹⁾

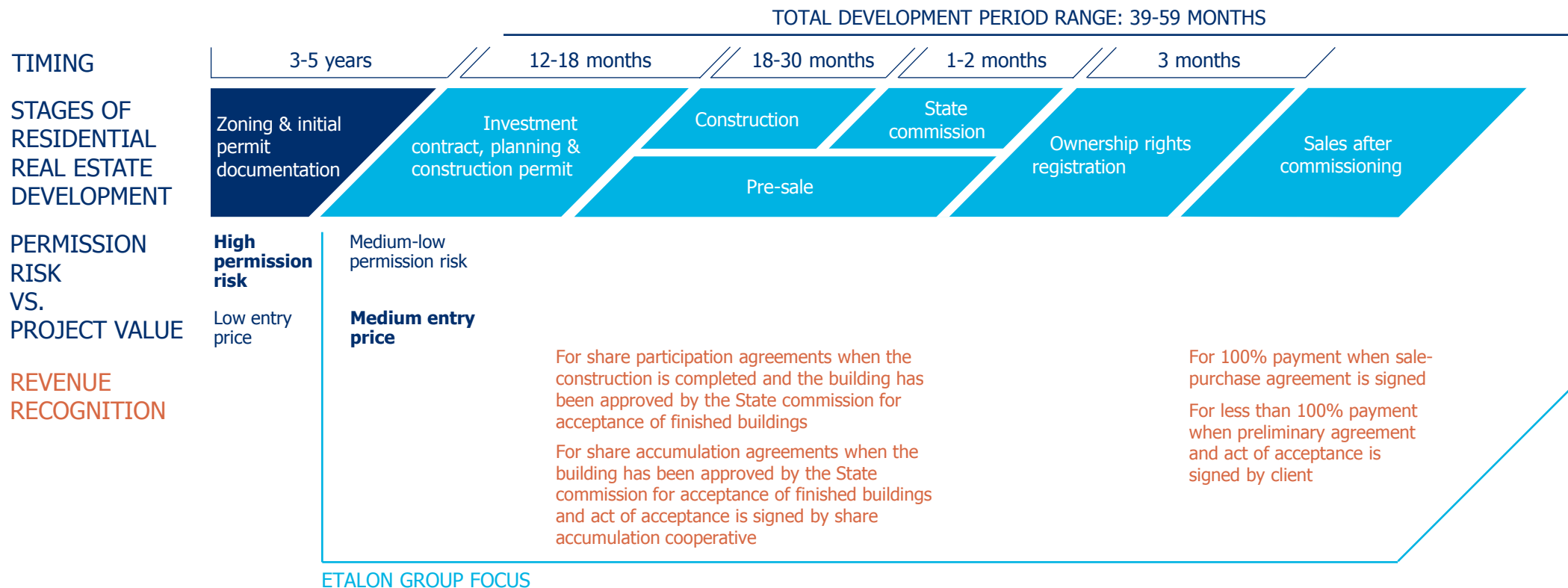
REGION	SHARE OF TOTAL CONTRACTS
Leningrad region	4.6%
Yamalo-Nenets AD	2.0%
Krasnoyarskiy krai	1.8%
Murmansk region	1.2%
Khanty-Mansi AD	1.2%
Primorskiy krai	1.1%
Arkhangelsk region	1.0%
Kamchatskiy krai	1.0%
Other Russian regions	21.6%
Foreigners	1.3%
TOTAL	36.8%

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

REGIONAL INCOME PER CAPITA TO RUSSIA AVERAGE⁽²⁾

Nenets AD	2.4x	
Yamalo-Nenets AD	2.0x	
Moscow	1.9x	
Sakhalin region	1.7x	
Chukotka	1.6x	
Magadan region	1.5x	
Khanty-Mansi AD	1.5x	
Moscow region	1.4x	
Tyumen region	1.3x	
St Petersburg	1.3x	
Murmansk region	1.3x	
Kamchatskiy krai	1.2x	
Yakutia	1.2x	
Khabarovskiy krai	1.2x	
Sverdlovsk region	1.2x	
Russia average		

RESIDENTIAL DEVELOPMENT SCHEME

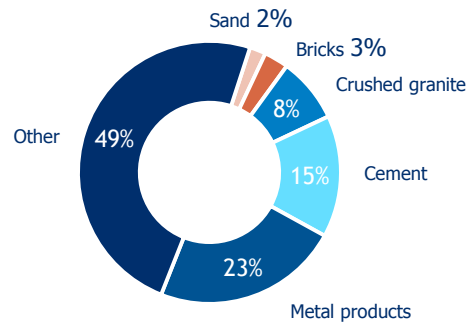


Source:
Company data

TYPICAL PROJECT COST STRUCTURE

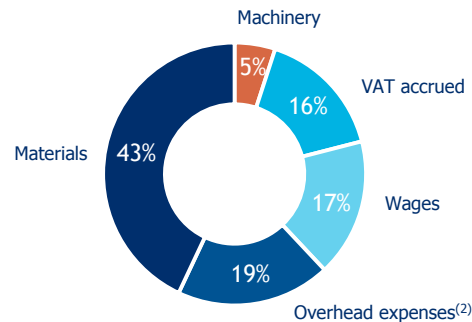
MATERIALS COST STRUCTURE⁽¹⁾

RUB 12,000 – 18,000 per sqm of NSA



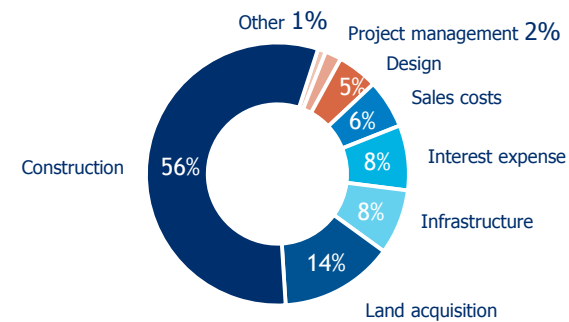
CONSTRUCTION COST STRUCTURE⁽¹⁾

RUB 29,000 – 39,000 per sqm of NSA



TOTAL COST STRUCTURE⁽¹⁾

RUB 59,000 – 72,000 per sqm of NSA

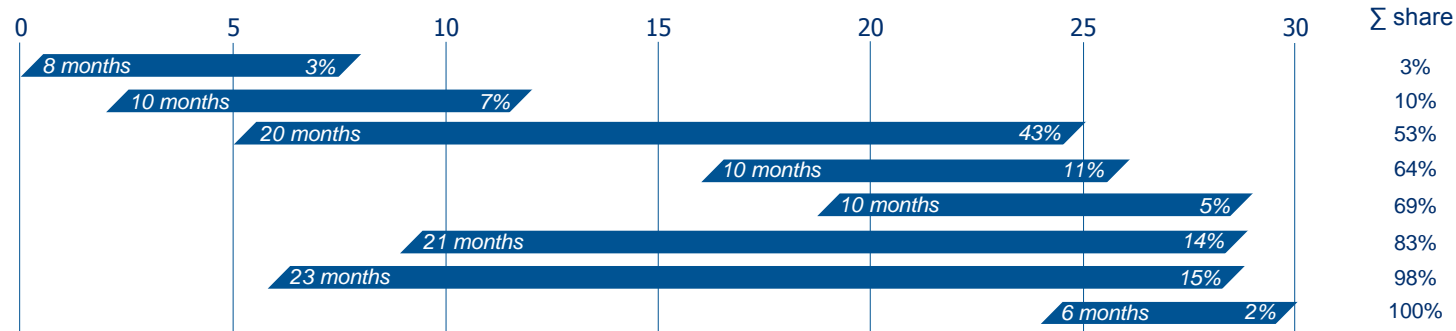


TYPICAL PROJECT LIFECYCLE

CONSTRUCTION STAGE

Predevelopment
Zero cycle works
Construction works
Facade works
Fit out works
MEP systems
Engineering facilities
Urban landscaping

CONSTRUCTION TIMELINE, MONTHS



⁽¹⁾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.

⁽²⁾Including payroll tax

SEPTEMBER 2017

DECEMBER 2016



Total NSA
841 ths sqm

Open Market Value⁽¹⁾
RUB 15,174 mln

Income from sales⁽¹⁾
RUB 69,618 mln

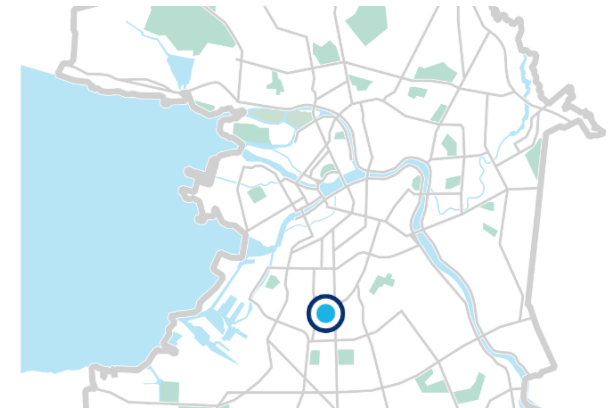
St Petersburg

⁽¹⁾JLL estimate as of 31.12.2016

MOSCOW GATES

SEPTEMBER 2017

DECEMBER 2016



Total NSA
235 ths sqm

Open Market Value⁽¹⁾
RUB 8,004 mln

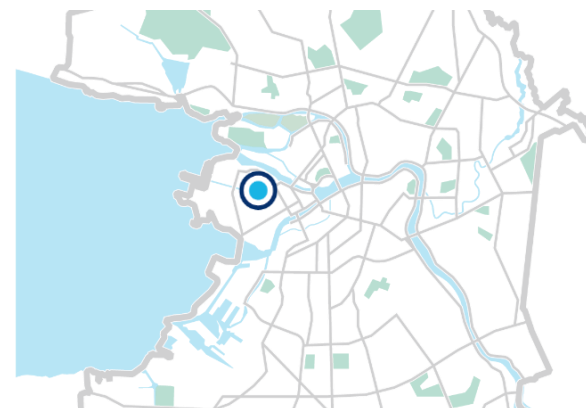
Income from sales⁽¹⁾
RUB 21,642 mln

St Petersburg

⁽¹⁾JLL estimate as of 31.12.2016

SEPTEMBER 2017

DECEMBER 2016



Total NSA
213 ths sqm

Open Market Value⁽¹⁾
RUB 5,903 mln

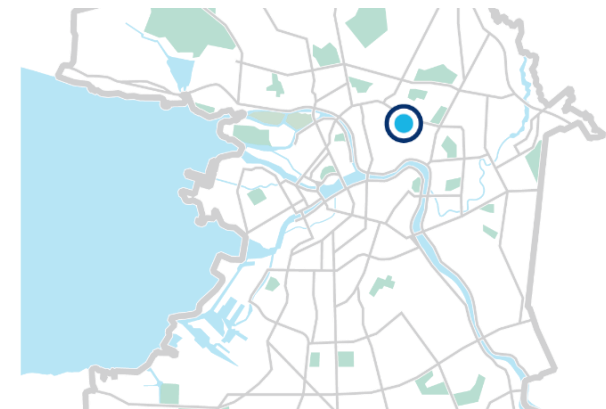
Income from sales⁽¹⁾
RUB 18,252 mln

St Petersburg

⁽¹⁾JLL estimate as of 31.12.2016

SEPTEMBER 2017

DECEMBER 2016



Total NSA
92 ths sqm

Open Market Value⁽¹⁾
RUB 1,806 mln

Income from sales⁽¹⁾
RUB 7,551 mln

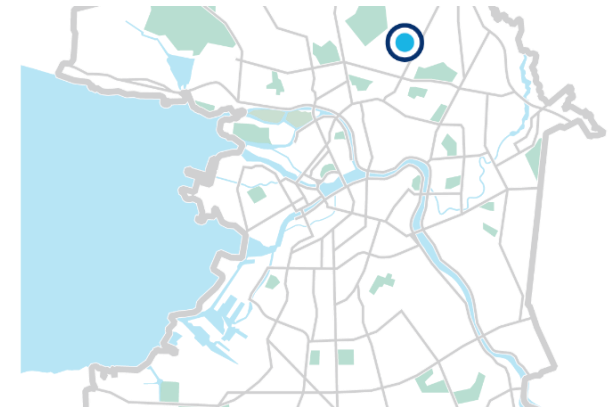
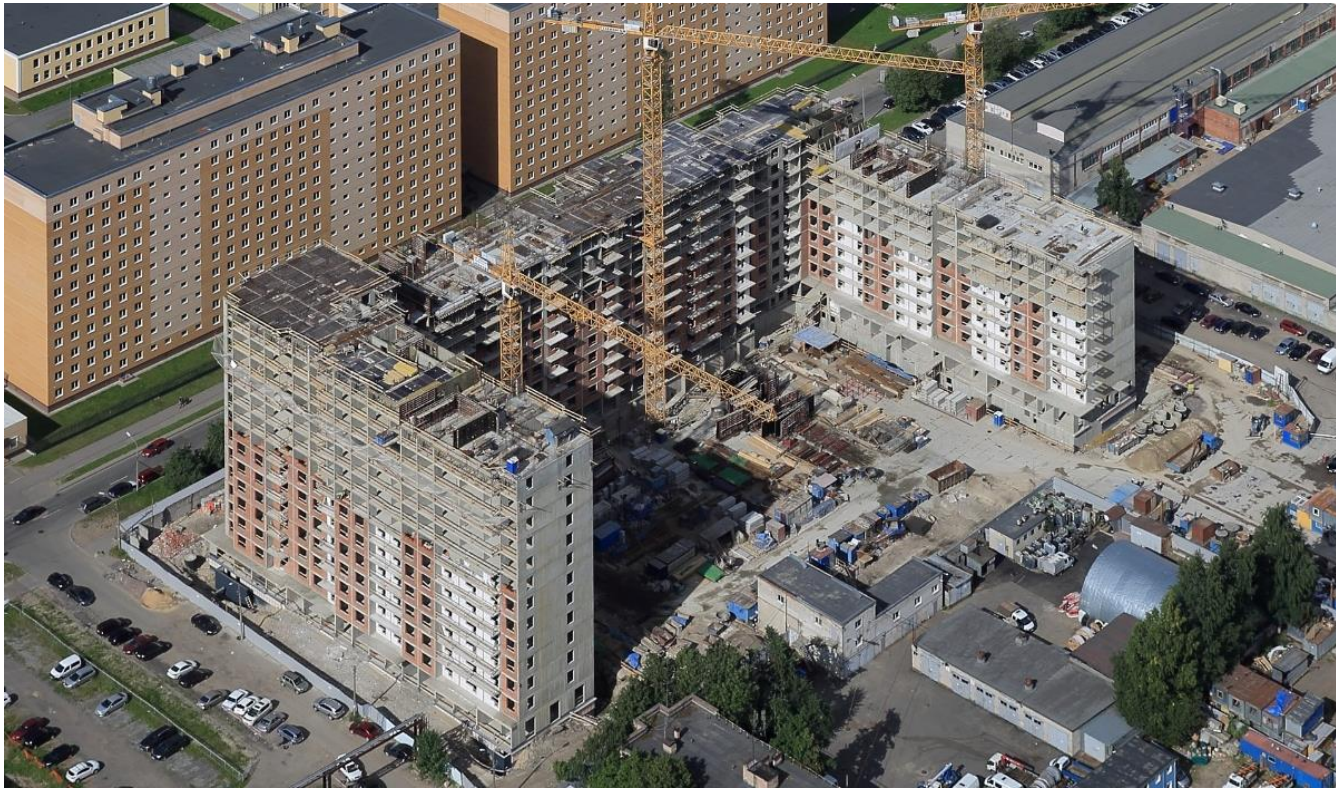
St Petersburg

⁽¹⁾JLL estimate as of 31.12.2016

HOUSE ON OBRUCHEVYKH STREET

SEPTEMBER 2017

DECEMBER 2016



Total NSA
42 ths sqm

Open Market Value⁽¹⁾
RUB 1,949 mln

Income from sales⁽¹⁾
RUB 5,153 mln

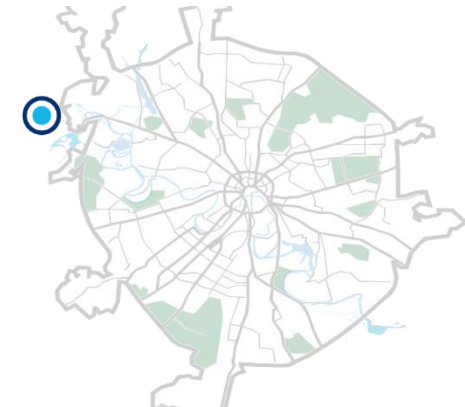
St Petersburg

⁽¹⁾JLL estimate as of 31.12.2016

EMERALD HILLS

SEPTEMBER 2017

DECEMBER 2016



Total NSA
856 ths sqm

Open Market Value⁽¹⁾
RUB 18,415 mln

Income from sales⁽¹⁾
RUB 65,149 mln

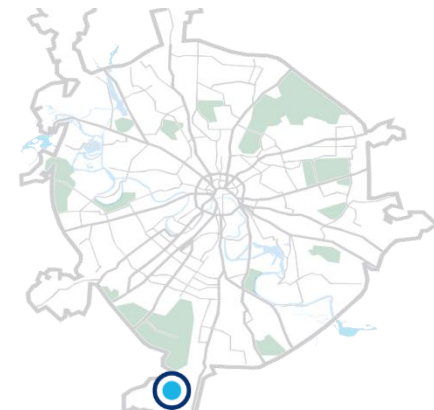
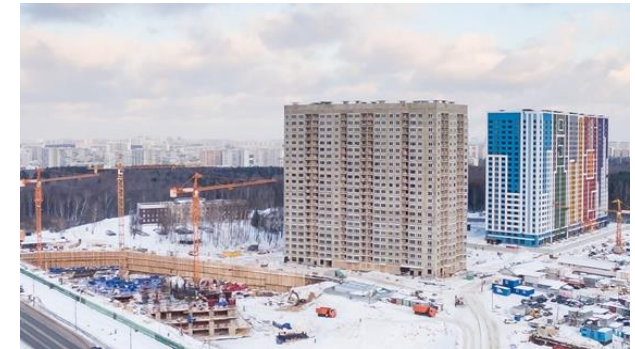
Moscow region

⁽¹⁾JLL estimate as of 31.12.2016

ETALON CITY

SEPTEMBER 2017

DECEMBER 2016



Total NSA
365 ths sqm

Open Market Value⁽¹⁾
RUB 7,512 mln

Income from sales⁽¹⁾
RUB 27,827 mln

Moscow

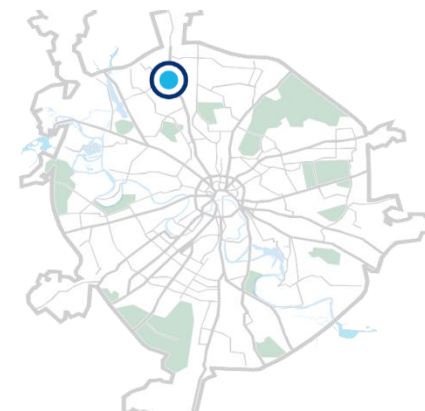
⁽¹⁾JLL estimate as of 31.12.2016

SUMMER GARDEN

SEPTEMBER 2017



DECEMBER 2016



Total NSA
238 ths sqm

Open Market Value⁽¹⁾
RUB 6,880 mln

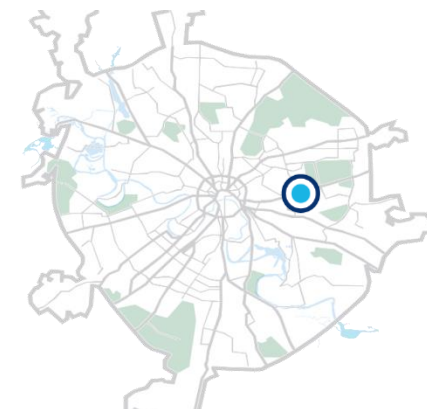
Income from sales⁽¹⁾
RUB 29,328 mln

Moscow

⁽¹⁾JLL estimate as of 31.12.2016

SEPTEMBER 2017

DECEMBER 2016



Total NSA
85 ths sqm

Open Market Value⁽¹⁾
RUB 3,005 mln

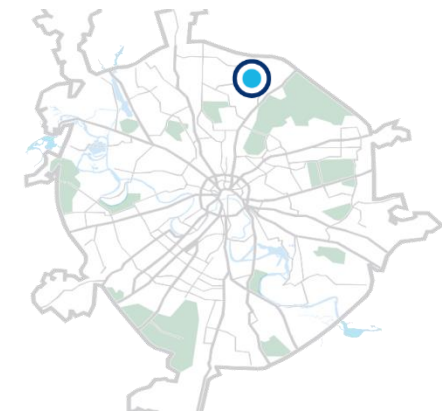
Income from sales⁽¹⁾
RUB 10,054 mln

Moscow

⁽¹⁾JLL estimate as of 31.12.2016

SEPTEMBER 2017

VISUALISATION



Total NSA
92 ths sqm

Open Market Value⁽¹⁾
RUB 3,727 mln

Income from sales⁽¹⁾
RUB 10,221 mln

Moscow

⁽¹⁾JLL estimate as of 31.12.2016

INDUSTRIAL CONSTRUCTION PROJECTS



ETALON HAS AN EXTENSIVE TRACK RECORD OF SUCCESSFUL INDUSTRIAL CONSTRUCTION PROJECTS THAT MEET THE HIGHEST STANDARDS OF QUALITY

NISSAN PLANT

2012-2014



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

FORD MOTOR COMPANY

2007-2012



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

EXPOFORUM

2011-2015



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

UNIPRES

2014-2016



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

ZVEZDA-REDUKTOR

2015-2016



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

STATE HERMITAGE MUSEUM

2015-2017⁽¹⁾



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

⁽¹⁾ Expected date of completion

INCOME STATEMENT

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

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

BALANCE SHEET

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

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

CASHFLOW STATEMENT

MLN RUB	2014	2015	2016	1H 2015	1H 2016	1H 2017
OPERATING ACTIVITIES						
Profit for the period	8,369	5,429	4,902	2,193	1,308	1,214
Adjustments for:						
Depreciation	417	406	406	213	240	172
Loss/(gain) on disposal of PP&E	(52)	(65)	(52)	20	(7)	(51)
Gain on disposal of investment property	-	-	(267)	-	-	(27)
Impairment gain/(loss) on investment property	280	215	(41)	166	27	-
Impairment loss on inventories	466	514	430	30	290	312
Finance income, net	(1,164)	(1,182)	(1,538)	(405)	(739)	(363)
Income tax expense	2,026	2,002	1,654	795	117	527
CASH FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	10,342	7,319	5,522	3,012	1,236	1,784
Change in inventories	(6,890)	(8,255)	(1,780)	(2,418)	(502)	(3,884)
Change in accounts receivables	(1,427)	(3,899)	(3,746)	(366)	(2,381)	(5,831)
Change in accounts payable	1,184	2,369	7,814	(1,461)	8,519	8,175
Change in provisions	594	1,315	(1,808)	(600)	(1,694)	(262)
Change in other current assets	(59)	-	-	-	-	-
Income tax paid	(1,645)	(2,146)	(1,960)	(1,605)	(1,070)	(1,090)
Interest paid	(1,588)	(2,516)	(2,603)	(1,180)	(1,278)	(1,094)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	511	(5,813)	1,437	(4,618)	2,830	(2,202)
INVESTING ACTIVITIES						
Proceeds from disposal of non-current assets	66	188	93	29	45	221
Proceeds from disposal of investment property	-	-	-	-	-	224
Interest received	823	1,311	1,153	802	580	410
Acquisition of PP&E	(653)	(369)	(711)	(95)	(218)	(365)
Loans given	(178)	(123)	(435)	(4)	(41)	(27)
Loans repaid	174	66	25	21	18	317
Disposal of subsidiaries, net of cash disposed of	7	-	-	(3)	(1)	-
(Acquisition)/disposal of other investments	3,038	1,155	242	(598)	(113)	(337)
NET CASH FROM /(USED IN) INVESTING ACTIVITIES	3,277	2,228	367	152	270	443
FINANCING ACTIVITIES						
Acquisition of non-controlling interest	(83)	(20)	(94)	(66)	(38)	(30)
Proceeds from borrowings	10,763	9,480	9,016	4,707	5,882	4,671
Repayments of borrowings	(8,498)	(6,281)	(10,404)	(2,323)	(3,635)	(3,678)
Acquisition of own shares	16	16	-	-	-	-
Dividends paid	(1,124)	(2,452)	(1,504)	(1,834)	(961)	-
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	1,074	743	(2,986)	484	1,248	963
Net increase/(decrease) in cash and cash equivalents	4,862	(2,842)	(1,182)	(3,982)	4,348	(796)
Effect of FX rate fluctuations	1,630	(257)	(144)	(607)	(110)	(18)
Cash & cash equivalents at the end of the period	14,631	11,532	10,206	10,042	15,770	9,392

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

EBITDA CALCULATION

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

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

WORKING CAPITAL CALCULATION

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

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

FCF CALCULATION



MLN RUB	2014	2015	2016	1H 2015	2H 2015	1H 2016	2H 2016	1H 2017
Comprehensive income	8,369	5,429	4,902	2,193	3,236	1,308	3,594	1,214
ADJUSTMENTS FOR								
Depreciation	417	406	434	213	193	240	194	172
Loss/(gain) on disposable PP&E	(52)	(65)	(52)	20	(85)	(7)	(45)	(51)
Gain on disposal of investment property	-	-	-	-	-	-	-	(27)
Impairment loss on investment property	280	215	(41)	166	49	27	(68)	-
Impairment loss on inventory	466	514	430	30	484	290	140	312
Loss on disposal of subsidiaries	-	-	-	-	-	-	-	-
Finance income, net	(1,164)	(1,182)	(1,538)	(405)	(777)	(739)	(799)	(363)
Income tax expense	2,026	2,002	1,654	795	1,207	117	1,537	527
Income tax paid	(1,645)	(2,146)	(1,960)	(1,605)	(541)	(1,070)	(890)	(1,090)
Interest paid	(1,588)	(2,516)	(2,603)	(1,180)	(1,336)	(1,278)	(1,325)	(1,094)
(Increase)/decrease in working capital:	(6,598)	(8,470)	480	(4,845)	(3,625)	3,942	(3,462)	(1,802)
Change in inventories	(6,890)	(8,255)	(1,780)	(2,418)	(5,837)	(502)	(1,278)	(3,884)
Change in accounts receivable	(1,427)	(3,958)	(3,746)	(366)	(3,592)	(2,381)	(1,365)	(5,831)
Change in accounts payable	1,184	2,369	7,814	(1,461)	3,830	8,519	(705)	8,175
Change in provisions	594	1,315	(1,808)	(600)	1,915	(1,694)	(114)	(262)
Change in other current assets	(59)	59	-	-	59	-	-	-
(Increase)/decrease in invested capital based on CF statement:	(587)	(181)	(618)	(66)	(115)	(173)	(445)	80
Acquisition of PP&E	(653)	(369)	(711)	(95)	(274)	(218)	(493)	(365)
Proceeds from disposal of non-current assets	66	188	93	29	159	45	48	445
FCF	(76)	(5,994)	1,088	(4,684)	(1,310)	2,657	(1,569)	(2,122)

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



FIRST HALF 2017
FINANCIAL
RESULTS

ETALON GROUP PLC

2-4 CAPITAL CENTRE
ARCH. MAKARIOU III AVENUE
NICOSIA | CYPRUS

TEL: +44 (0)20 8123 1328
FAX: +44 (0)20 8123 1328
EMAIL: INFO@ETALONGROUP.COM