

2Q AND 1H 2017 OPERATING RESULTS



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SUMMARY

108 *ths sqm*
deliveries

+15% y-o-y

- ✓ In 1H 2017, Etalon Group delivered 108 ths sqm at two projects, which represents a 15% increase year-on-year

191 *ths sqm*
transfers to customers

+48% y-o-y

- ✓ Transfers amounted to 191 ths sqm, up 48% year-on-year, creating a solid base for revenue recognition for the period

122 *ths sqm*
new sales

+22% y-o-y

- ✓ New contract sales in 2Q 2017 rose by 22% to 122 ths sqm, with a total value of RUB 11,346 million
- ✓ The number of new contracts was 2,321, up by 23% year-on-year

33%
share of mortgage
contracts

- ✓ Share of mortgage contracts in 2Q 2017 reached 33%, the highest level recorded in the Company's history
- ✓ Average down payment increased from 74% in 1Q 2017 to 79% in 2Q 2017

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2	SELECTED PROJECTS
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1

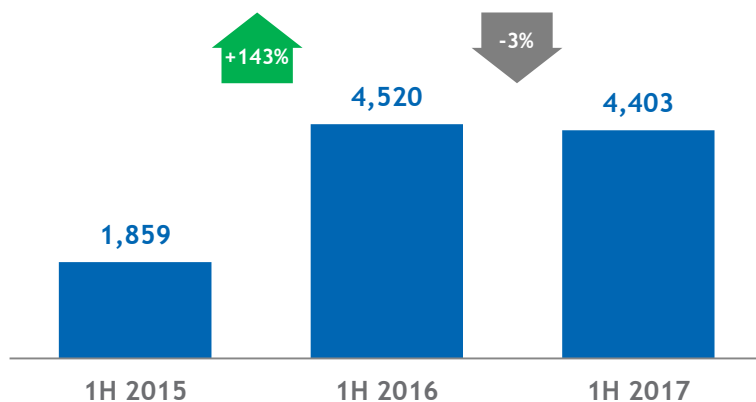
OPERATING RESULTS

*Tsar's Capital
1st stage, 2013*

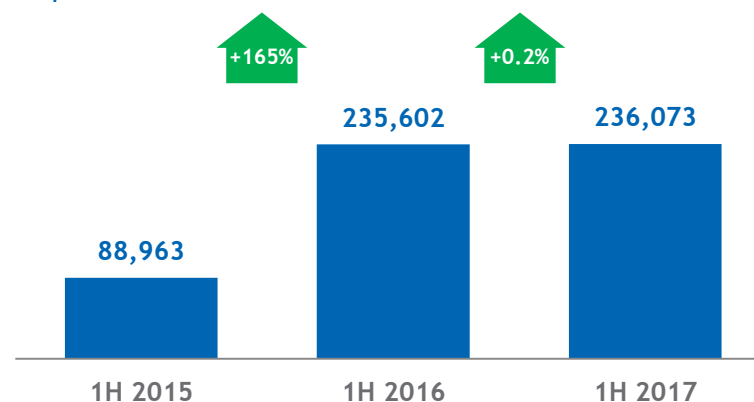


1H 2017 OPERATING PERFORMANCE ON PAR WITH EXCEPTIONALLY STRONG RESULTS OF 1H 2016

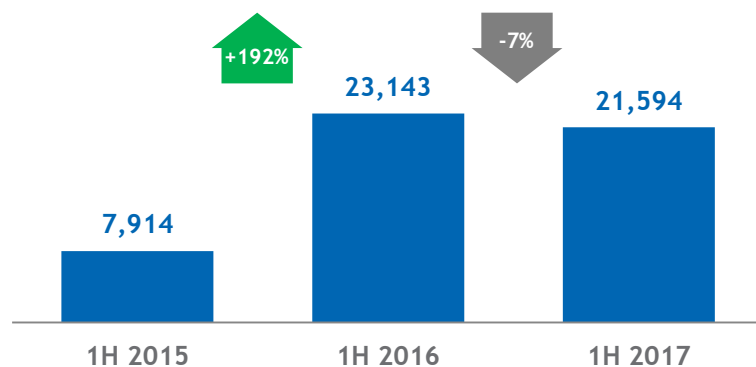
NUMBER OF NEW CONTRACTS



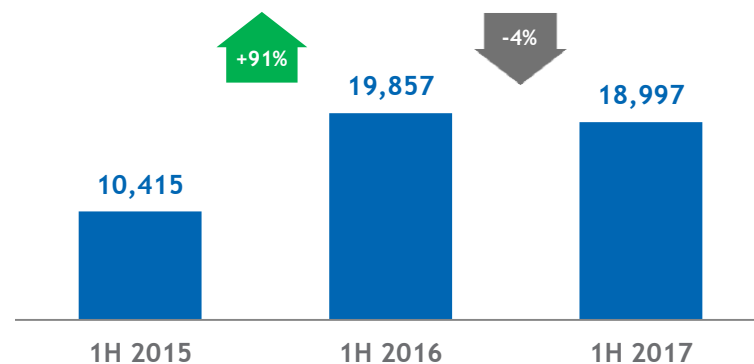
NEW CONTRACT SALES
sqm



NEW CONTRACT SALES
mln RUB



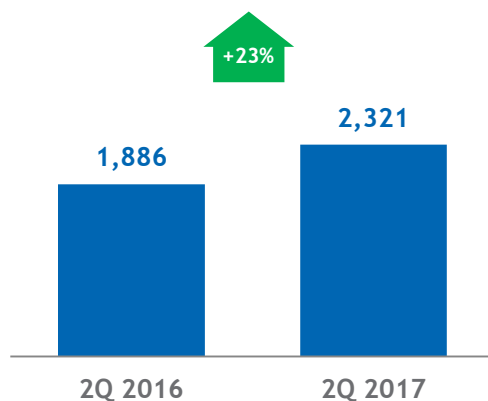
CASH COLLECTIONS
mln RUB



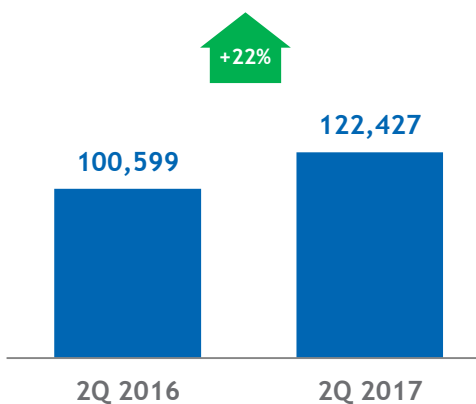
Source: Company data

DOUBLE-DIGIT GROWTH IN 2Q 2017

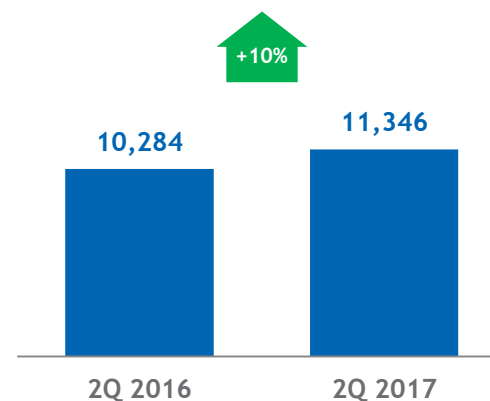
NUMBER OF CONTRACTS



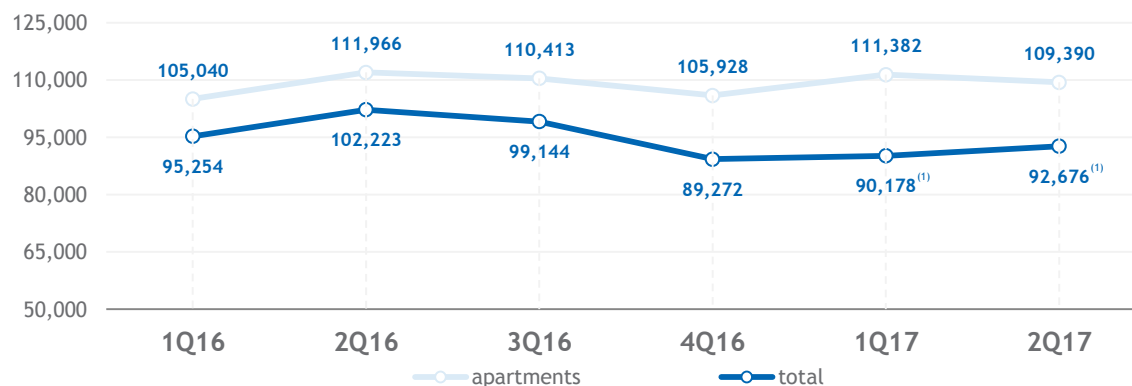
NEW CONTRACT SALES
sqm



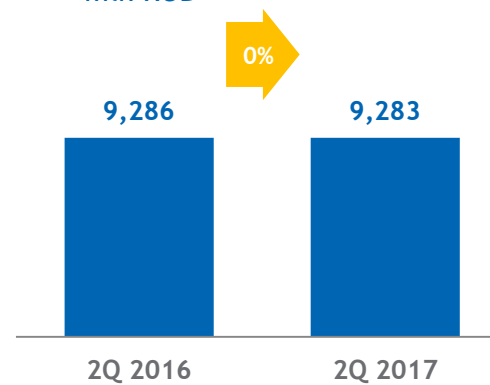
NEW CONTRACT SALES
mln RUB



AVERAGE PRICE
RUB/sqm



CASH COLLECTIONS
mln RUB

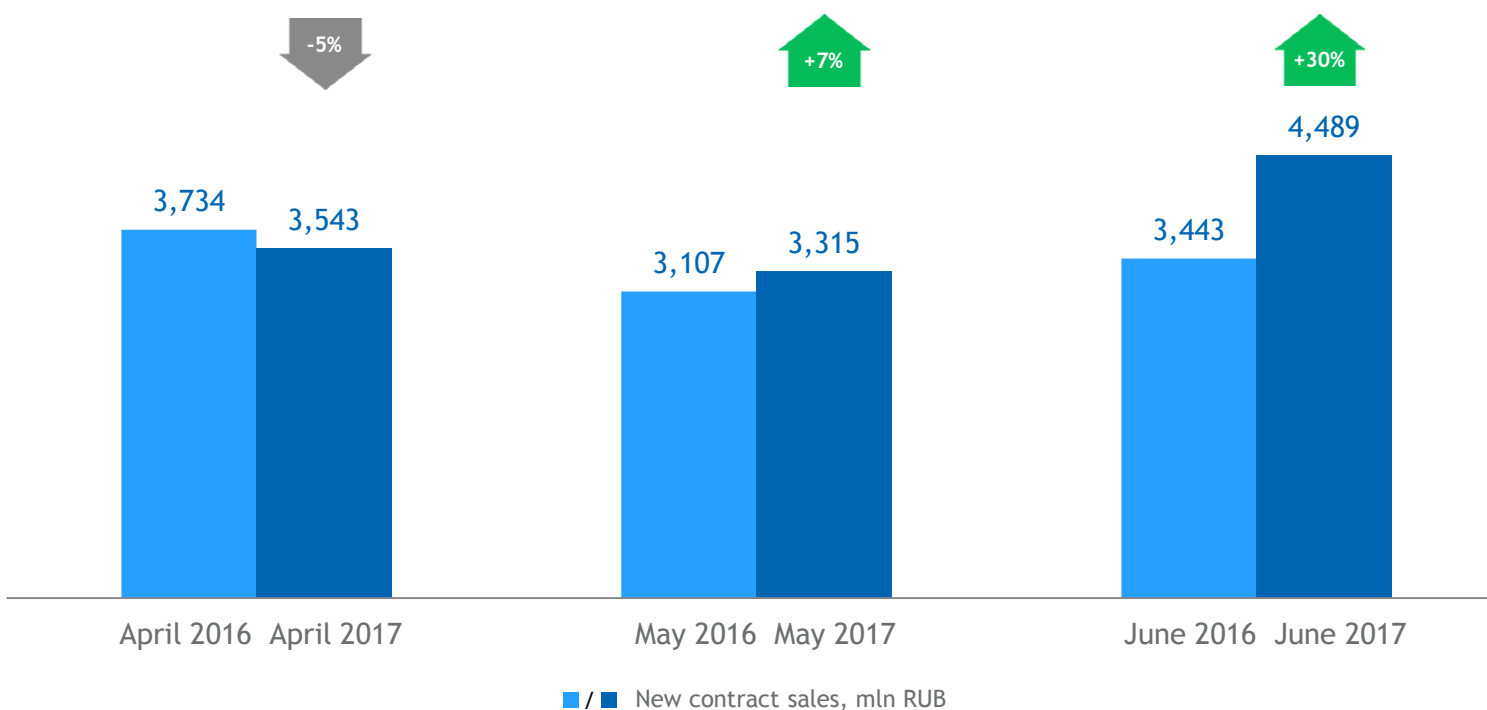


Source: Company data

⁽¹⁾ Includes sales of office, sporting and industrial premises which prices per sqm are typically below average for residential

2Q 2017 OPERATING RESULTS SHOW UPWARD TREND COMPARED TO 2Q 2016 NEW SALES DYNAMICS

NEW SALES DYNAMICS ACCELERATED THROUGHOUT 2Q 2017



Source: Company data

FURTHER ACCELERATION OF SALES IN 2H 2017 EXPECTED ON THE BACK OF NEW LAUNCHES

SILVER FOUNTAIN

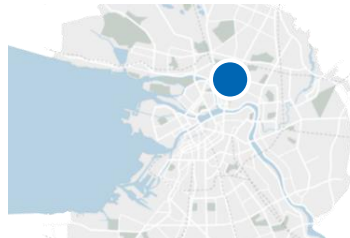


Moscow

Planned launch:
July 2017

The project is located in the North-Eastern District of Moscow, close to Prospekt Mira. The district is characterized by developed residential, business and transport infrastructure. The site has good transportation access. The nearest metro station, Alekseevskaya, is within 10-minutes' walk, while the city center is within a 15-20 minute drive by car.

PROJECT IN THE KALININSKIY DISTRICT



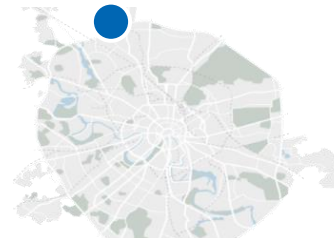
St Petersburg

Planned launch:
2H 2017

The project will comprise a 12-storey building with a 550-place parking garage. The expected NSA of the project is 96 ths sqm, including 68 ths sqm of residential area.

The site is located on a 5-hectare land plot within walking distance of two metro stations and four kilometres from central St Petersburg, in an area with well-developed infrastructure.

PROJECT IN THE MYTISHCHINSKIY DISTRICT



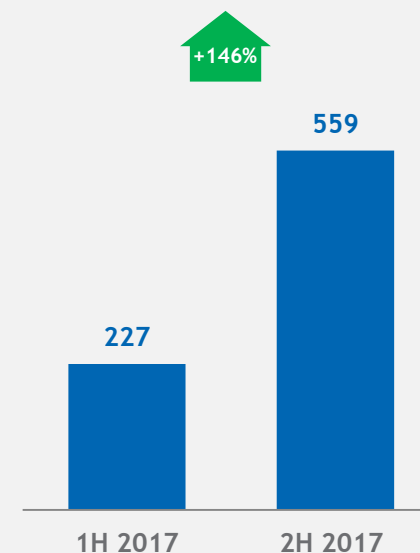
Moscow

Planned launch:
2H 2017

The new comfort-class residential project is located in the Mytishchinsky district of the Moscow region, six kilometres from the Moscow Ring Road.

The project will include four low-rise buildings up to three stories high, containing 780 flats, a detached parking garage, a pre-school and a primary school for 105 and 215 students, respectively.

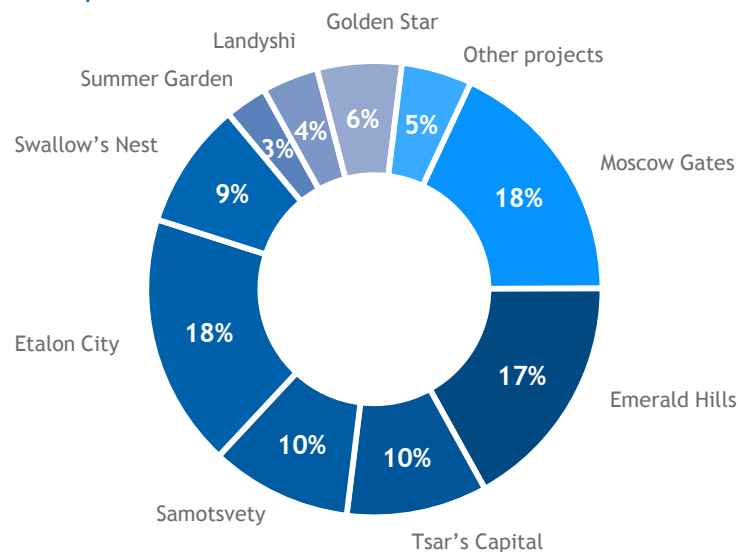
LAUNCHES IN 2017 ths sqm



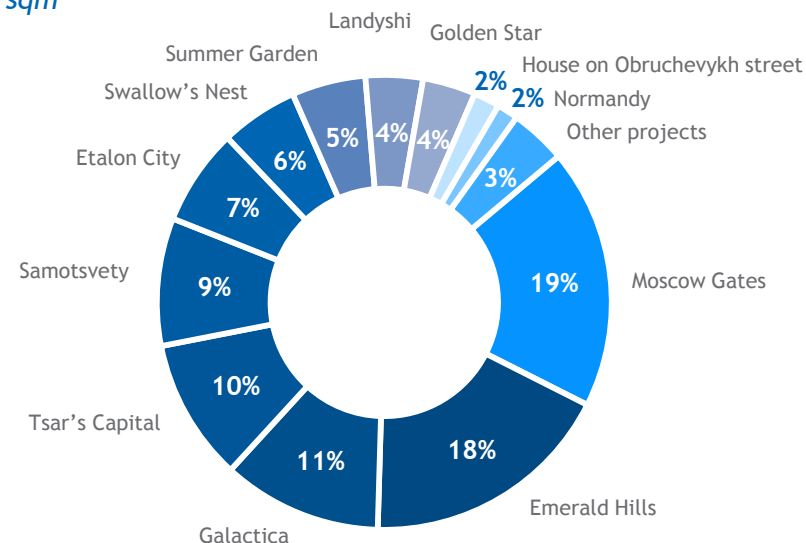
Source: Company data

NEW SALES PERFORMANCE SUPPORTED BY DIVERSIFICATION OF PROJECT MIX

2Q 2016 NEW CONTRACT SALES BY PROJECT
sqm



2Q 2017 NEW CONTRACT SALES BY PROJECT
sqm



SIGNIFICANT SALES PORTFOLIO DIVERSIFICATION

- Galactica's share in new contract sales increased to 11% in 2Q 2017, following launch of sales at four buildings at the end of 1Q 2017
- The Normandy project in Moscow was launched in late March 2017 and brought 2% of new contract sales in 2Q 2017
- Three more projects are due to be launched by the end of the year

Source: Company data

NORMANDY CASE STUDY

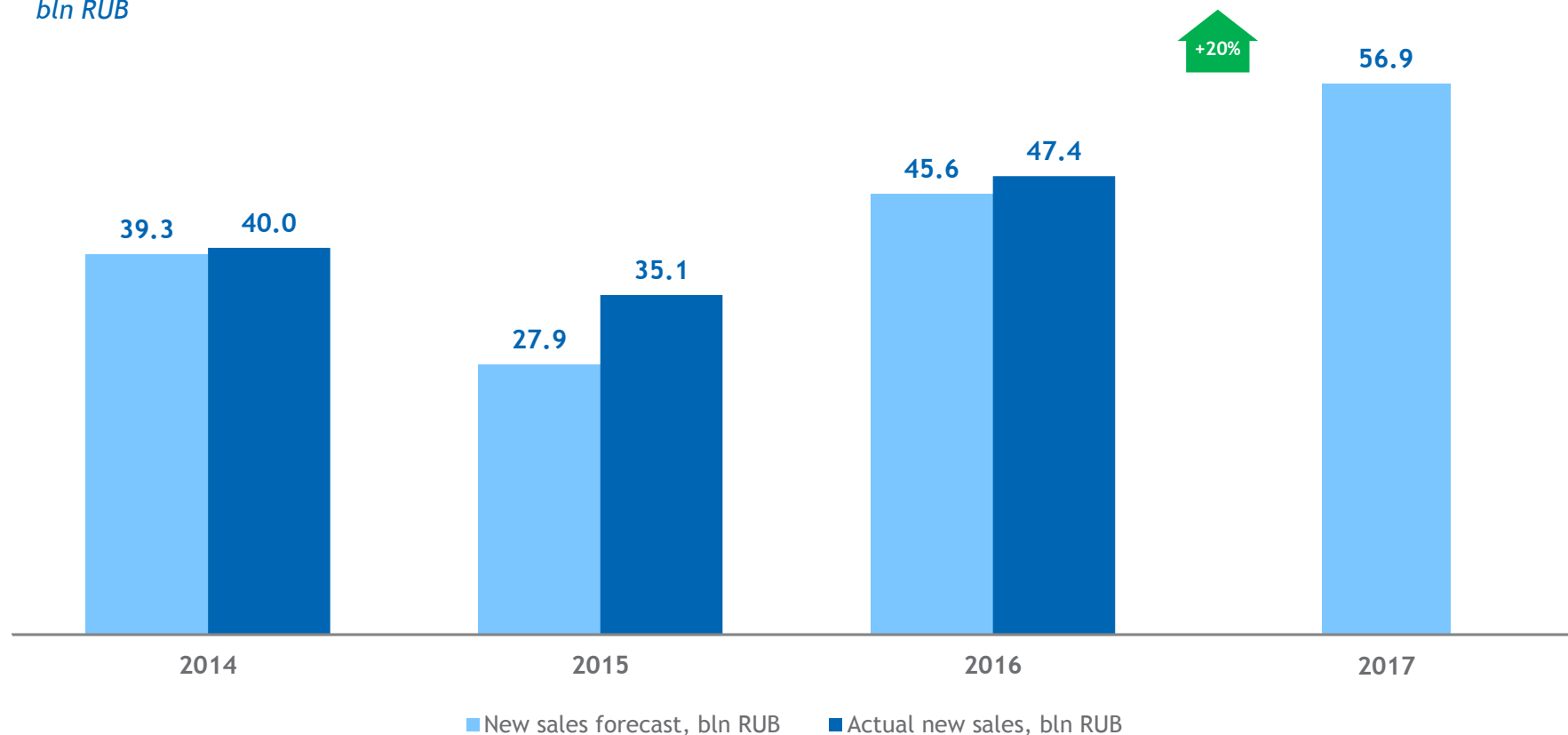
Launched in late March 2017, Normandy comprises four residential buildings of up to 22 stories each, underground parking facilities, a pre-school and a primary school. The total planned NSA of the complex is 92 ths sqm.

The project is located in Moscow's Losinoostrovsky District close to Losiny Ostrov National Park, Torfyanoy and Tayezhny Parks. The complex is within walking distance of two metro stations and has easy access to major transport routes.



ETALON IS WELL ON TRACK TO MEET THE GUIDANCE AGAIN IN 2017

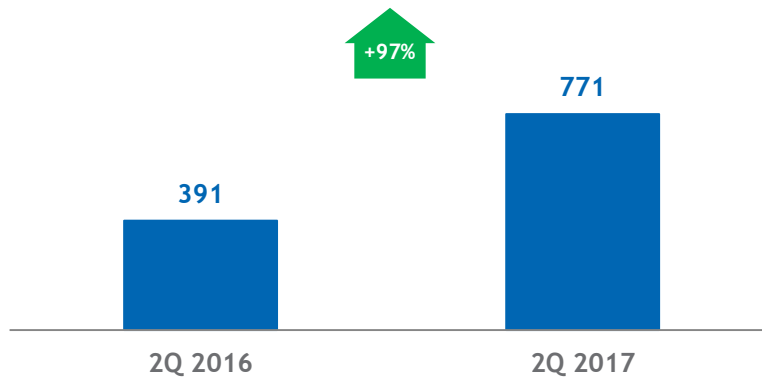
DELIVERY ON NEW SALES GUIDANCE
bln RUB



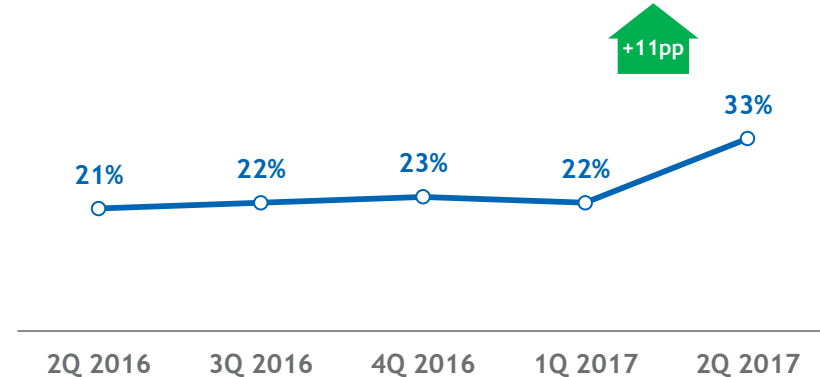
Source: Company data

MORTGAGE RATES DECLINED TO RECORD LOW, YIELDING RAPID GROWTH IN MORTGAGE SALES

NUMBER OF MORTGAGE CONTRACTS SIGNED



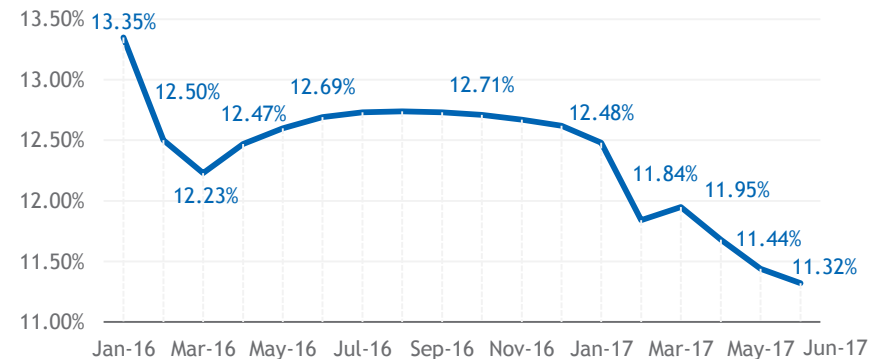
SHARE OF MORTGAGE SALES



HIGHLIGHTS

- Etalon Group offers mortgage programmes with major banks, including Sberbank, VTB Group, Gazprombank, Raiffeisen Group and Absolut Bank
- Joint programmes established with 25 banks and special mortgage agencies to offer flexible financing options:
 - minimum down payment: 10 - 20%
 - maturity: 1 - 30 years
 - interest rate: from 9.5%

AVERAGE MORTGAGE RATE IN RUSSIA⁽¹⁾



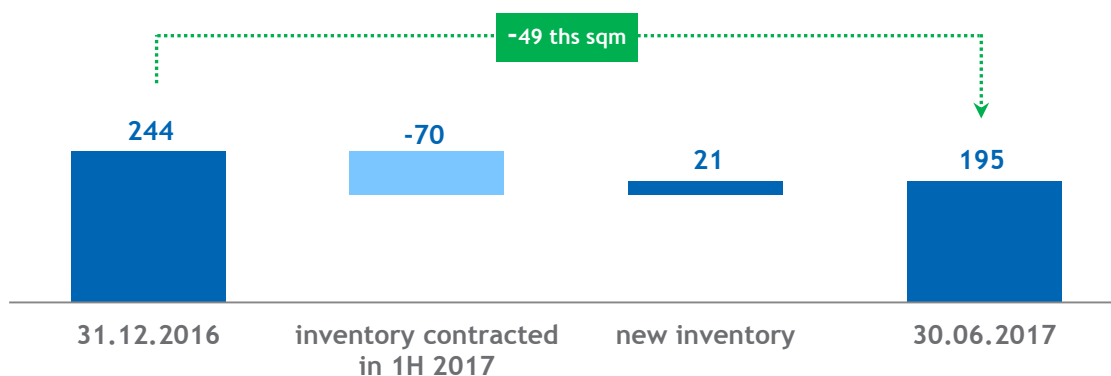
Source: Company data

⁽¹⁾ Weighted average interest rate on mortgage loans given to Russia residents during the month for acquisition of apartments on the primary market. Source: CBR data

POSITIVE WORKING CAPITAL DEVELOPMENTS

INVENTORY OF COMPLETED AND AVAILABLE-FOR-SALE APARTMENTS

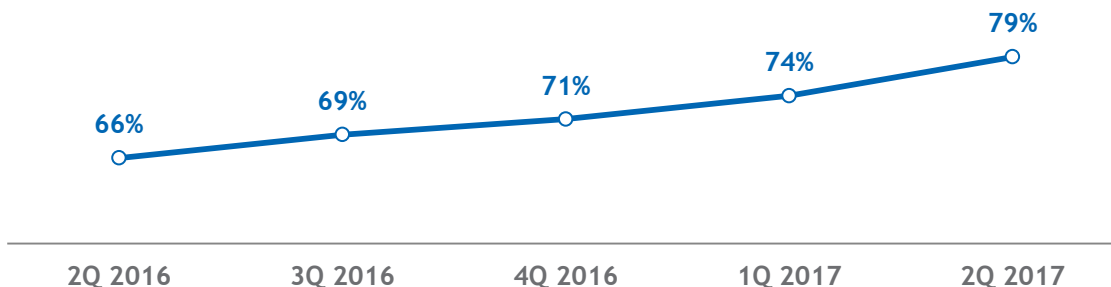
ths sqm



HIGHLIGHTS

- 29% of inventory on books as of 31 December 2016 sold down during 1H 2017
- Completed and available-for-sale apartments accounted for 40% of all apartments contracted in 2Q 2017
- Average down payment amounted to 79% in 2Q 2017, up from 66% in 2Q 2016

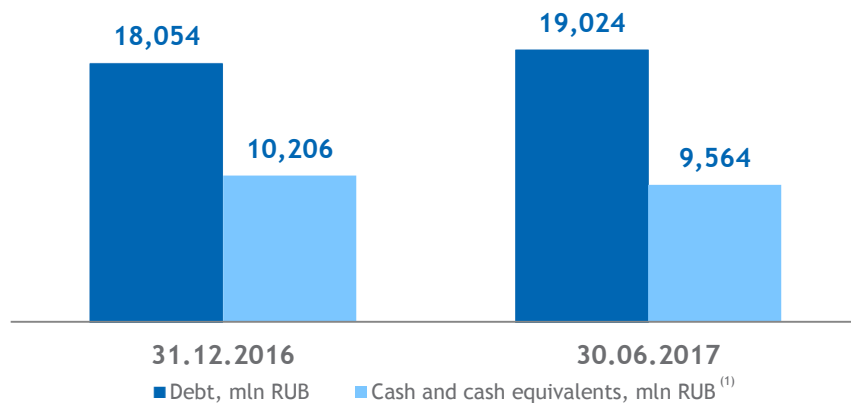
AVERAGE DOWN PAYMENT



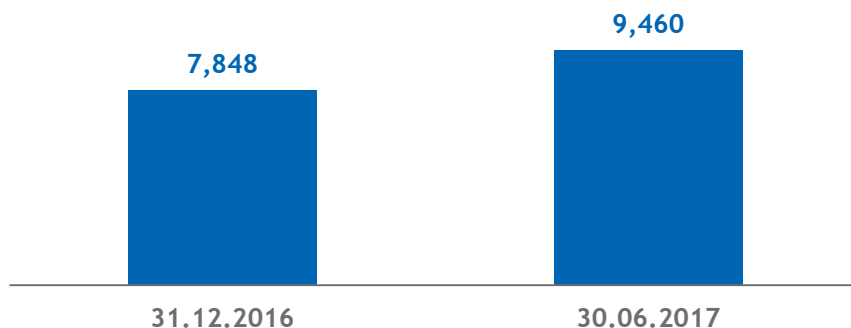
Source: Company data

MAINTAINING STRONG BALANCE SHEET

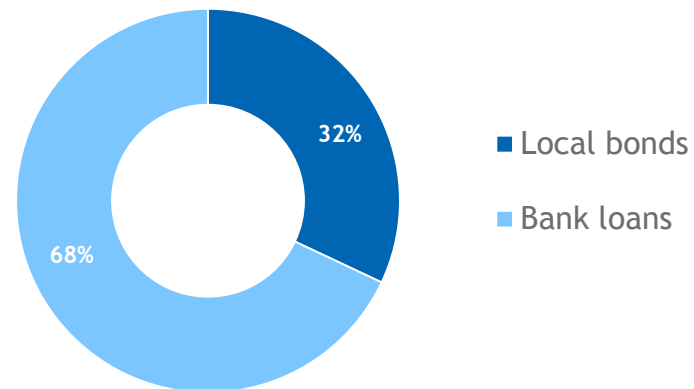
STRONG LIQUIDITY POSITION UNCHANGED



NET DEBT mln RUB



BALANCED GROSS DEBT COMPOSITION (AS OF 30/06/2017)



HIGHLIGHTS

- 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

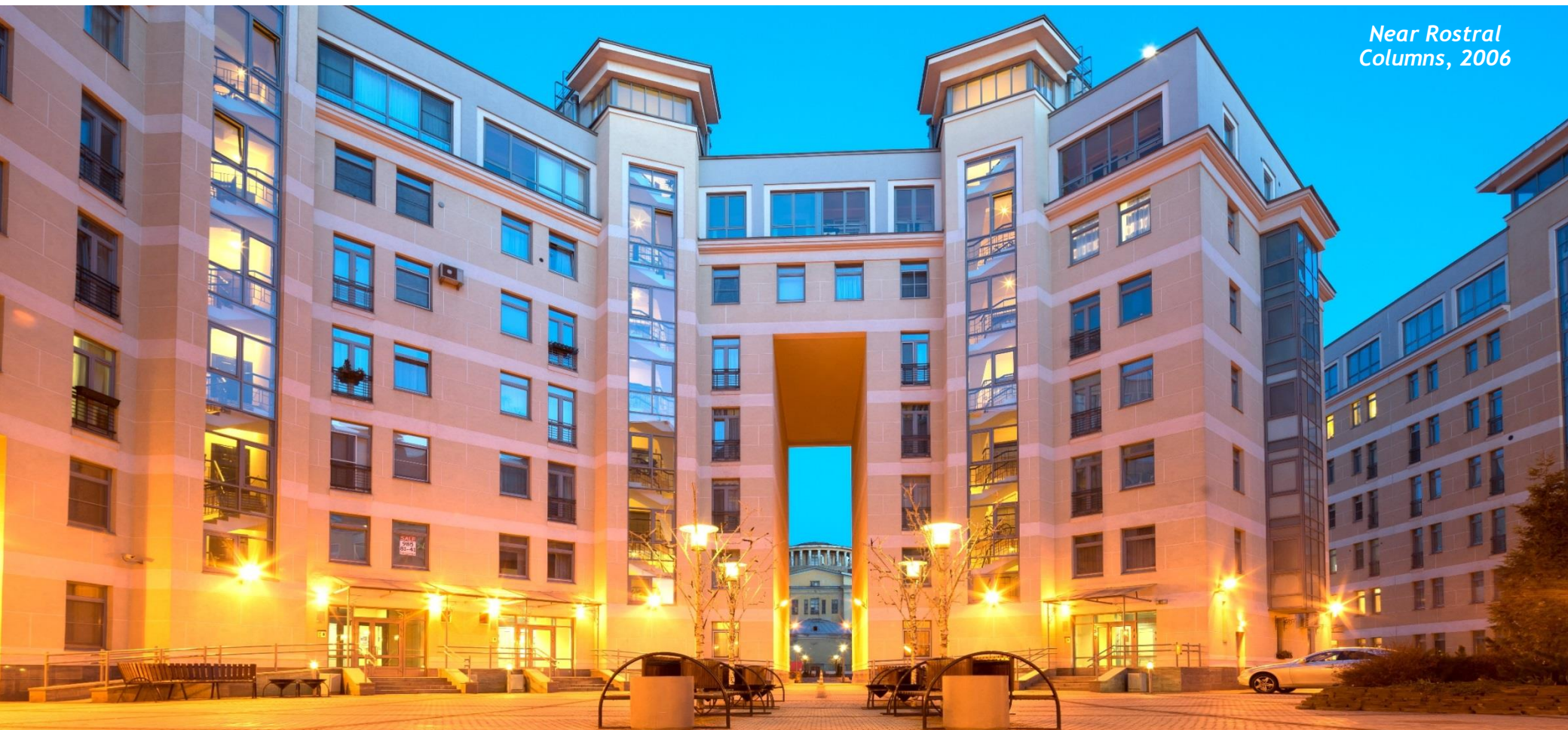
Source : IFRS financial statements for 2016 and Company estimates

⁽¹⁾ Including bank deposits in ST Investments

2

SELECTED PROJECTS

*Near Rostral
Columns, 2006*



NEW PROJECT ACQUIRED IN MOSCOW IN 2017

PROJECT ON LETNIKOVSKAYA STREET

Central administrative district of Moscow

Location:

Moscow

Income from sales:

RUB 15.8 bln⁽¹⁾

Total NSA:

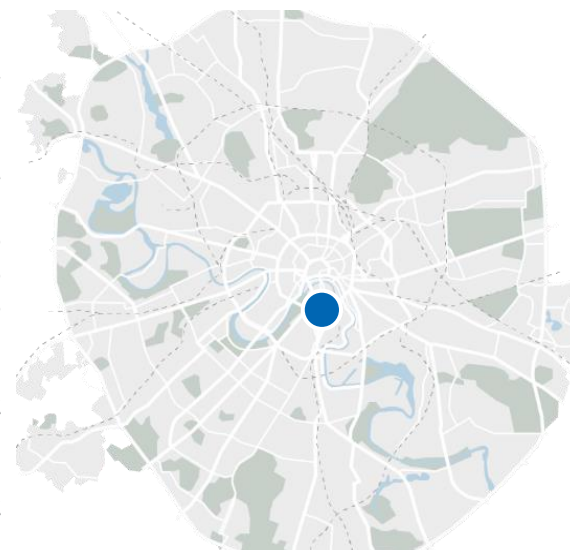
75 ths sqm

Planned launch:

2018

The new business-class project is situated in the city centre on Letnikovskaya Street. This is a well-established and prestigious neighbourhood, with modern residential and entertainment infrastructure, as well as cultural sites, all located nearby. The area also benefits from its close proximity to a business district that is home to the headquarters of several financial institutions and international companies.

The project will have excellent transport accessibility: Red Square is just a 10-minute drive from the project, and Paveletskiy railway station is located at the northern end of Letnikovskaya street.



Krutitskaya and Derbenevskaya emb.



Paveletskiy railway station



Business centre "Paveletskaya Tower"

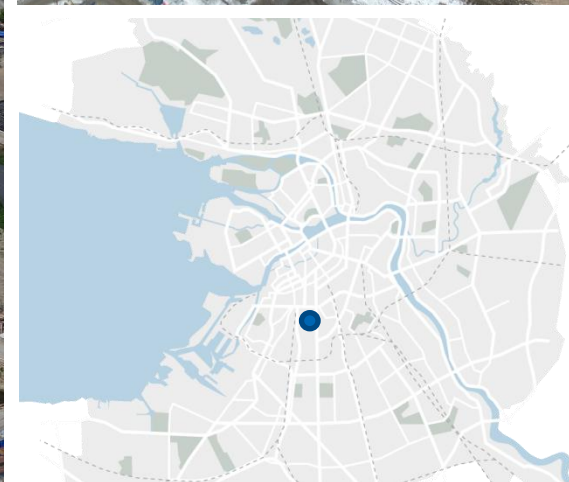
Source : Company data

⁽¹⁾ Based on management estimates

JULY 2017



DECEMBER 2016



St Petersburg

Total NSA **841** ths sqm

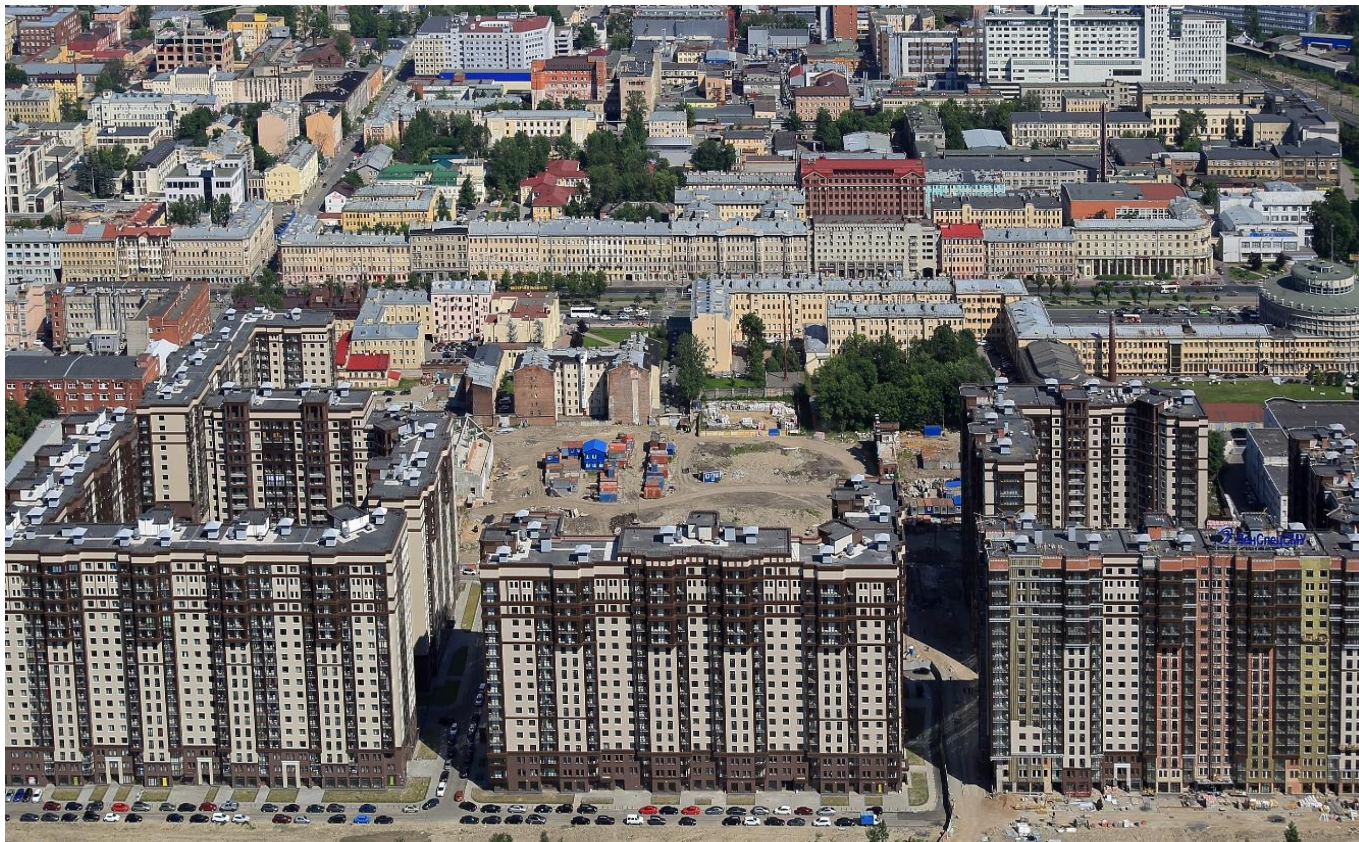
Open Market Value ⁽¹⁾
RUB 15,174 mln

Income from sales ⁽¹⁾
RUB 69,618 mln

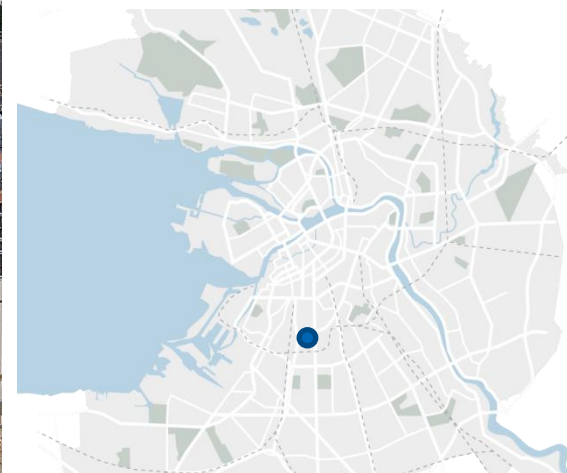
⁽¹⁾ JLL estimate as of 31.12.2016

MOSCOW GATES

JULY 2017



DECEMBER 2016



St Petersburg

Total NSA 235 ths sqm

Open Market Value ⁽¹⁾
RUB 8,004 mln

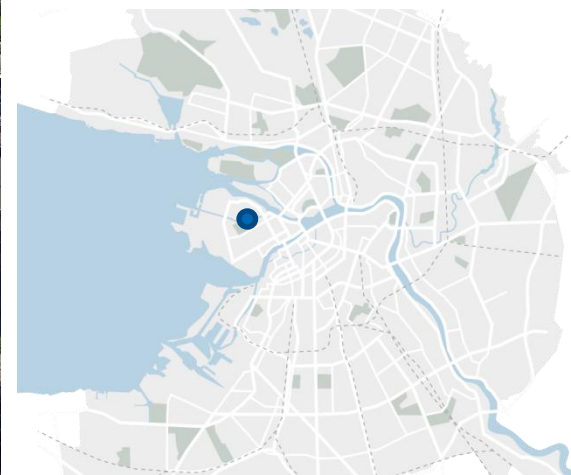
Income from sales ⁽¹⁾
RUB 21,642 mln

⁽¹⁾ JLL estimate as of 31.12.2016

JULY 2017



DECEMBER 2016



St Petersburg

Total NSA 213 ths sqm

Open Market Value ⁽¹⁾
RUB 5,903 mln

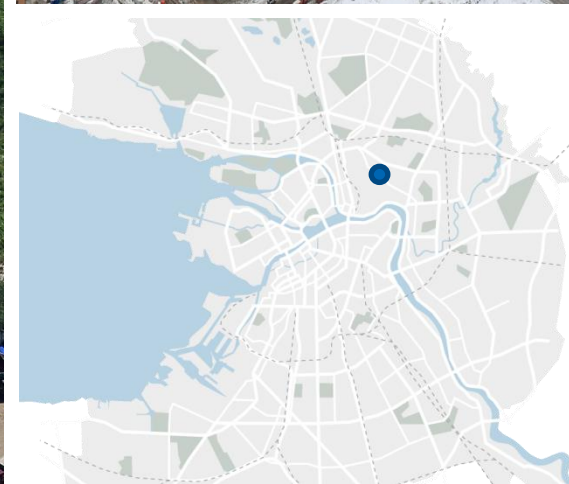
Income from sales ⁽¹⁾
RUB 18,252 mln

⁽¹⁾ JLL estimate as of 31.12.2016

JULY 2017



DECEMBER 2016



St Petersburg

Total NSA 92 ths sqm

Open Market Value ⁽¹⁾
RUB 1,806 mln

Income from sales ⁽¹⁾
RUB 7,551 mln

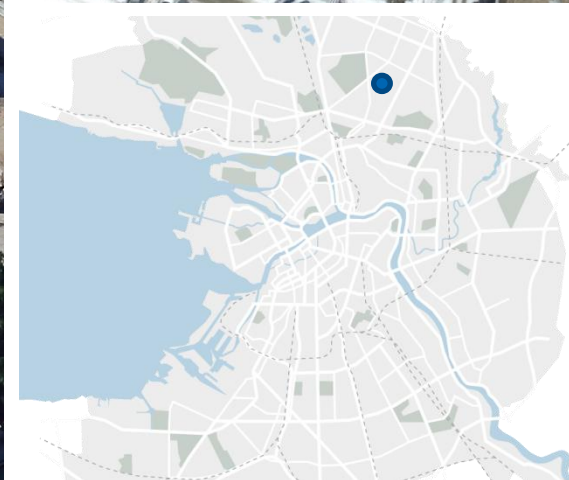
⁽¹⁾ JLL estimate as of 31.12.2016

HOUSE ON OBRUCHEVYKH STREET

JULY 2017



DECEMBER 2016



St Petersburg

Total NSA 42 ths sqm

Open Market Value ⁽¹⁾
RUB 1,949 mln

Income from sales ⁽¹⁾
RUB 5,153 mln

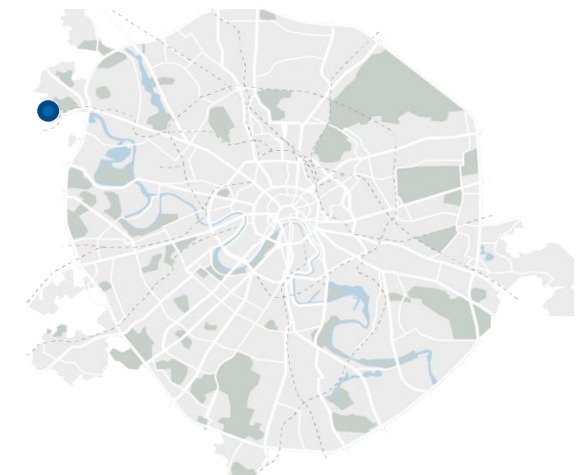
⁽¹⁾ JLL estimate as of 31.12.2016

EMERALD HILLS

JULY 2017



DECEMBER 2016



Moscow region

Total NSA 856 ths sqm

Open Market Value ⁽¹⁾
RUB 18,415 mln

Income from sales ⁽¹⁾
RUB 65,149 mln

⁽¹⁾ JLL estimate as of 31.12.2016

ETALON CITY

JULY 2017



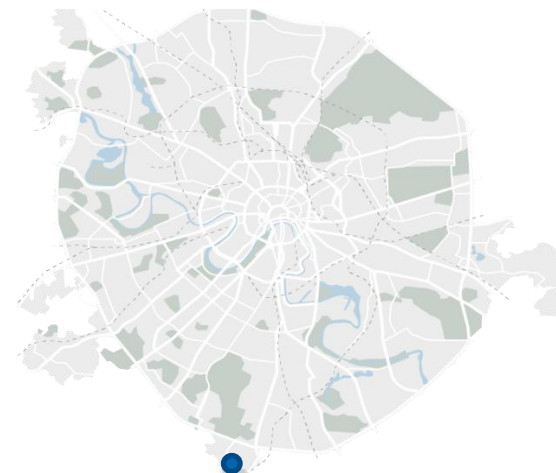
Moscow

Total NSA 365 ths sqm

Open Market Value ⁽¹⁾
RUB 7,512 mln

Income from sales ⁽¹⁾
RUB 27,827 mln

DECEMBER 2016



⁽¹⁾ JLL estimate as of 31.12.2016

SUMMER GARDEN

JULY 2017



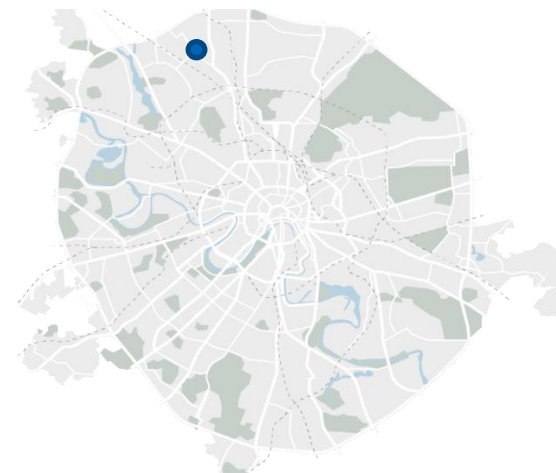
Moscow

Total NSA 283 ths sqm

Open Market Value ⁽¹⁾
RUB 6,880 mln

Income from sales ⁽¹⁾
RUB 29,328 mln

DECEMBER 2016



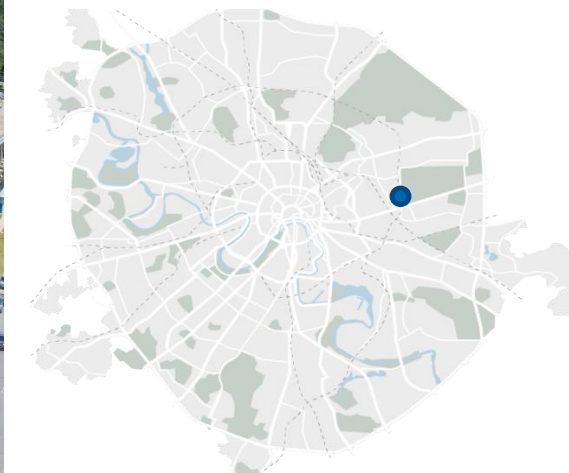
⁽¹⁾ JLL estimate as of 31.12.2016

GOLDEN STAR

JULY 2017



DECEMBER 2016



Moscow

Total NSA 85 ths sqm

Open Market Value ⁽¹⁾
RUB 3,005 mln

Income from sales ⁽¹⁾
RUB 10,054 mln

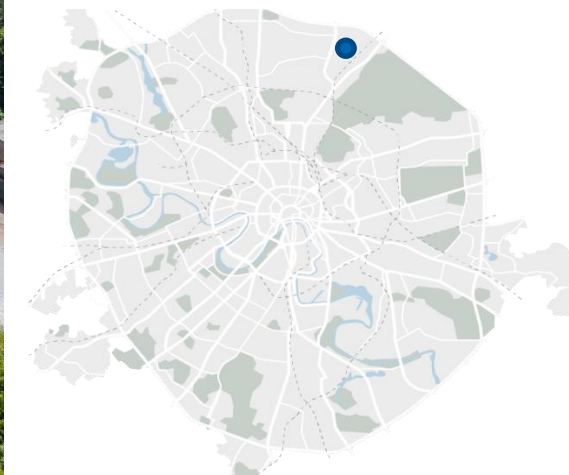
⁽¹⁾ JLL estimate as of 31.12.2016

NORMANDY

JULY 2017



VISUALISATION



Moscow

Total NSA 92 ths sqm

Open Market Value ⁽¹⁾
RUB 3,727 mln

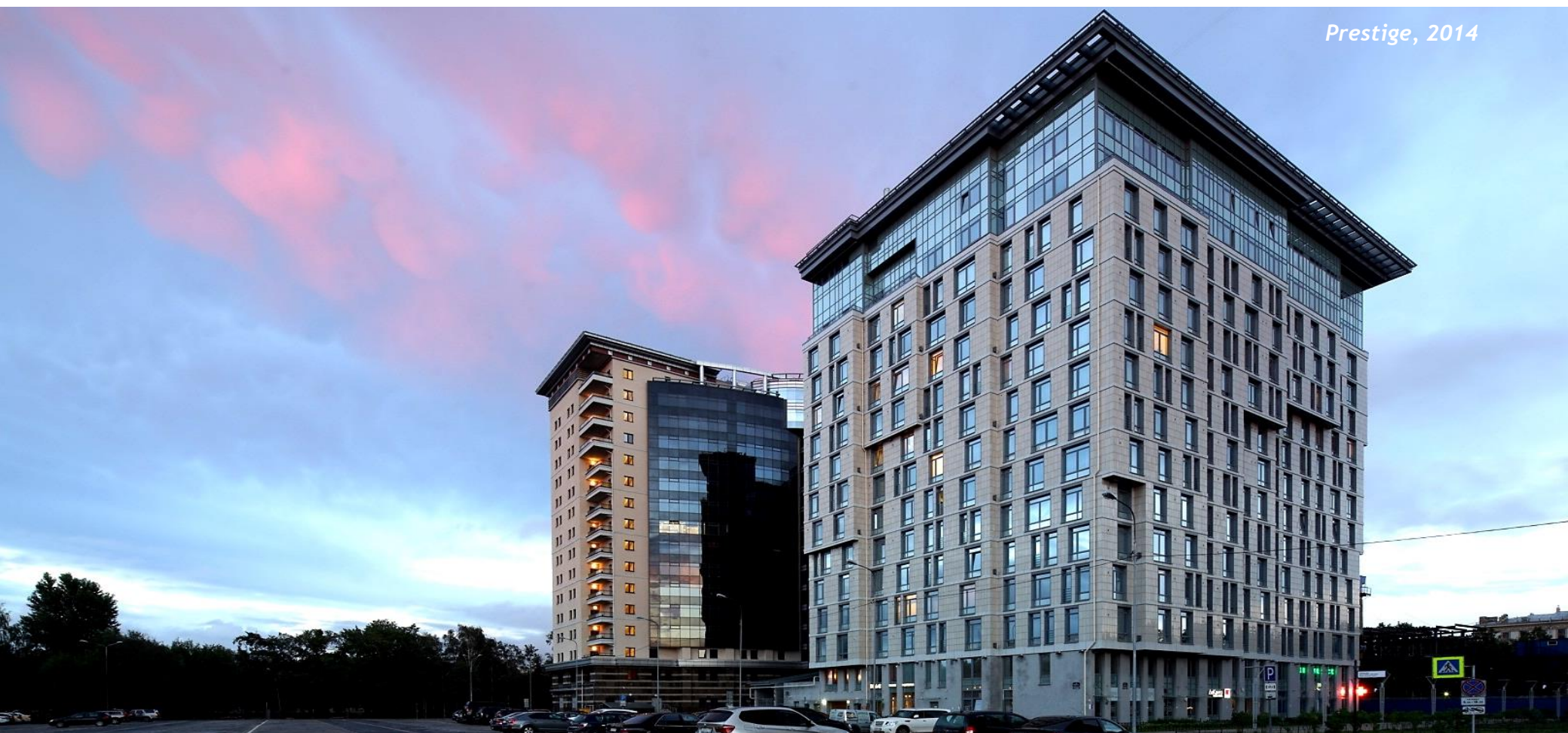
Income from sales ⁽¹⁾
RUB 10,221 mln

⁽¹⁾ JLL estimate as of 31.12.2016

3

APPENDIX

Prestige, 2014



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

- 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: 1.1x net debt / 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

⁽¹⁾ Company operating results;

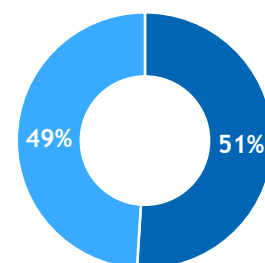
⁽²⁾ JLL land bank valuation report as of 31.12.2016;

⁽³⁾ IFRS financial statements as of 31.12.2016;

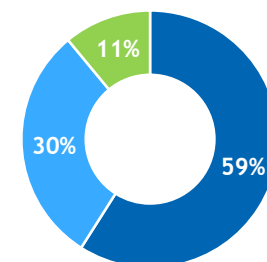
⁽⁴⁾ 'B+' long-term & 'B' short-term corporate credit ratings of SSMO LenSpetsSMU (last reconfirmed on 05.07.2017).

LSE ticker	ETLN:LI
Share price	USD 3.75 (14.07.2017)
Market capitalisation	USD 1,096 mln (14.07.2017)
Portfolio valuation (by JLL)	RUB 115,818 mln (31.12.2016)

PORTFOLIO COMPOSITION ⁽²⁾



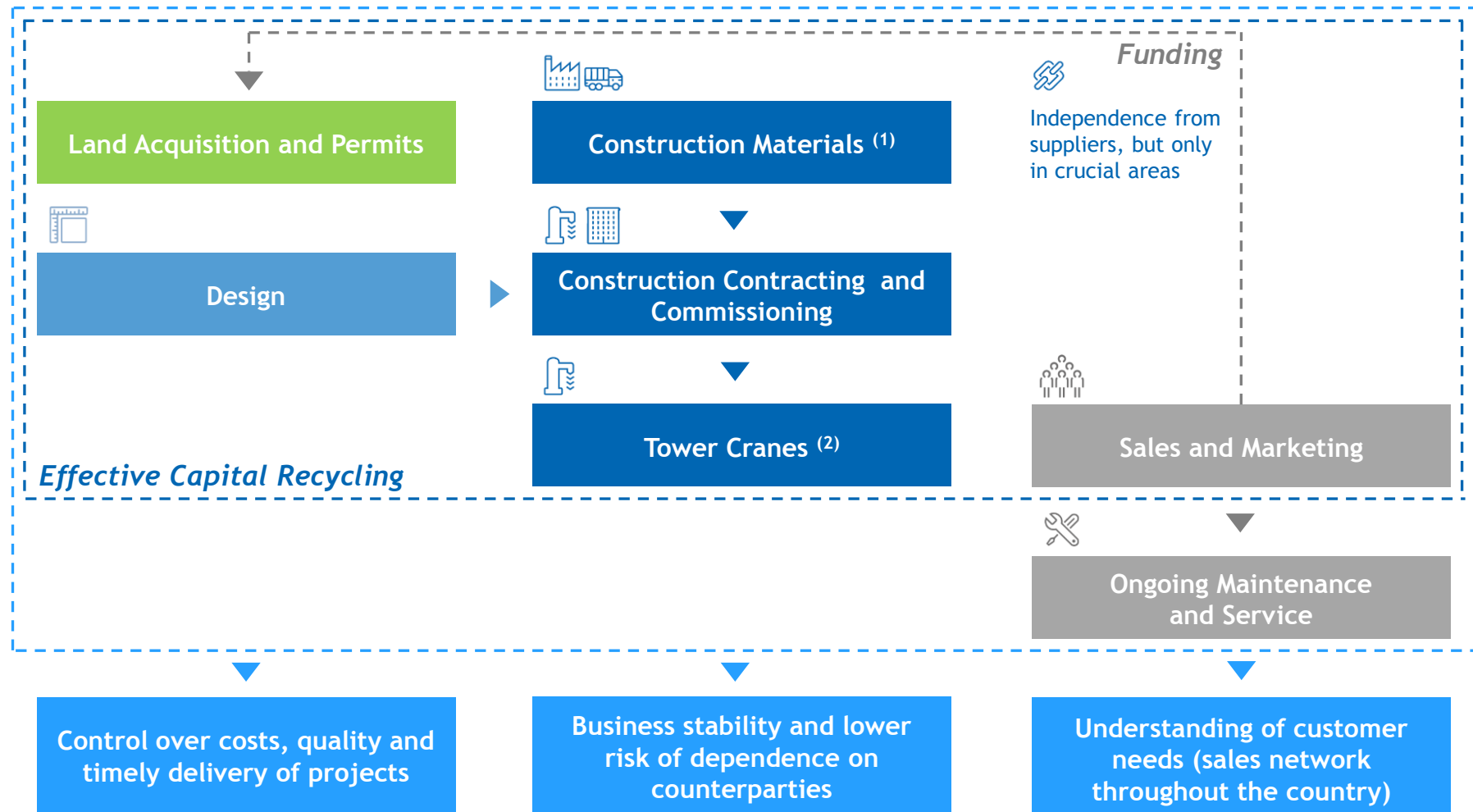
■ SPMA ■ MMA



■ 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 PROPERTY DEVELOPMENT PROCESS

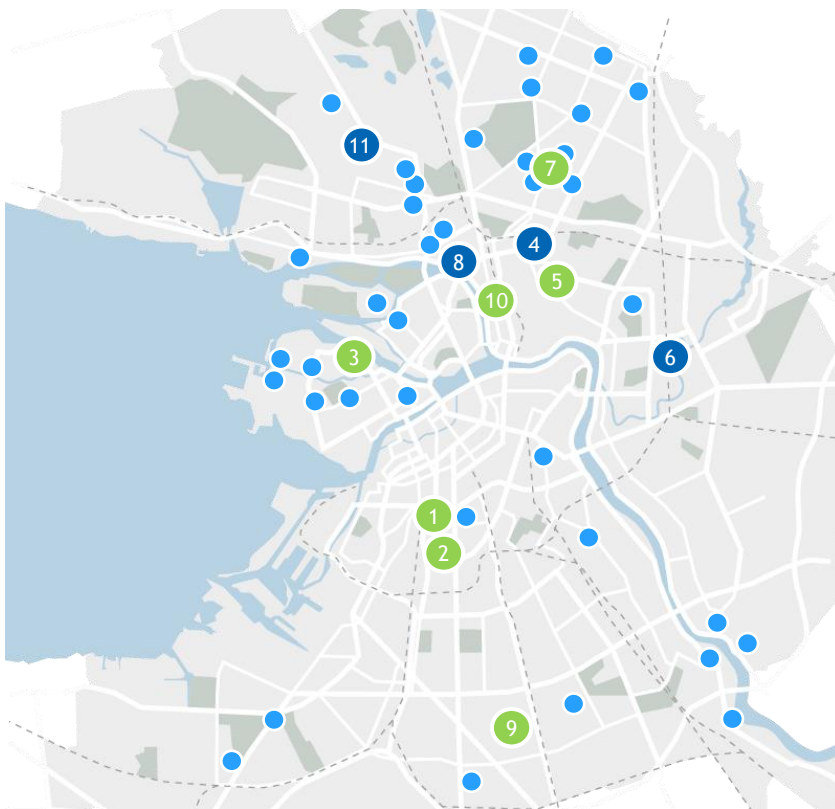


(1) Brick plant and concrete products plant. Own production only for “bottleneck” construction materials

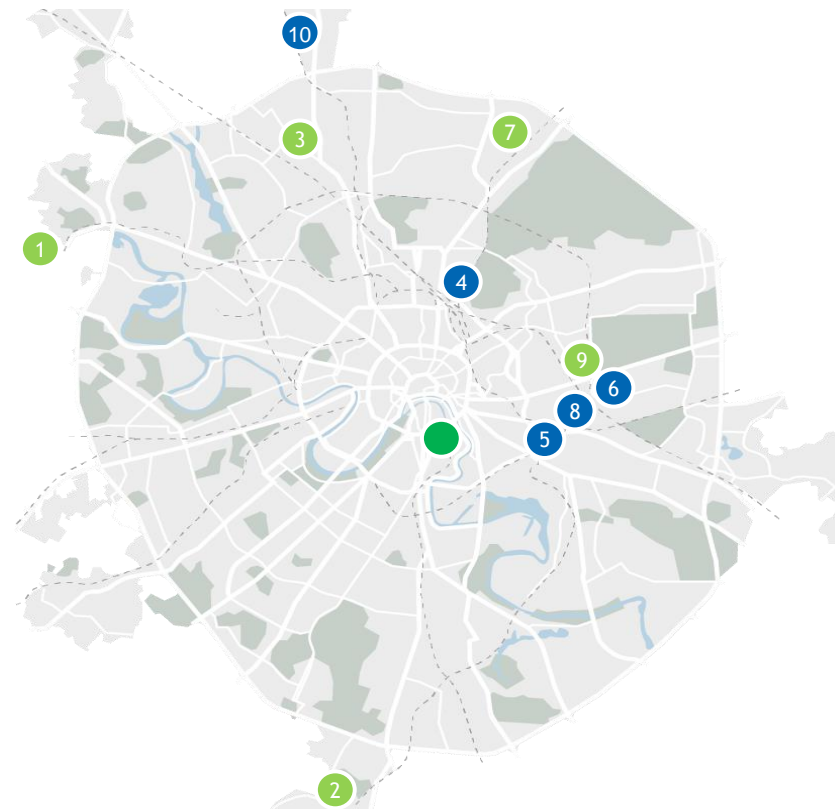
(2) 62 tower cranes (Liebherr and Wolff). Data as of 30.06.2017

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: 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 (mln RUB)	Income from sales (mln RUB) ⁽²⁾	Construction budget (mln RUB) ⁽³⁾	Outstanding budget (mln RUB) ⁽³⁾
Current Projects								
<i>St Petersburg</i>								
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. Landyshe (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 (Krapivnyi 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
<i>Moscow Metropolitan Area (MMA) ⁽⁴⁾</i>								
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 (Alekseevskiy 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		2,368	1,369	11,354	59,140	220,741	126,586	81,216
Total Current Projects		4,016	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		
All Projects								
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

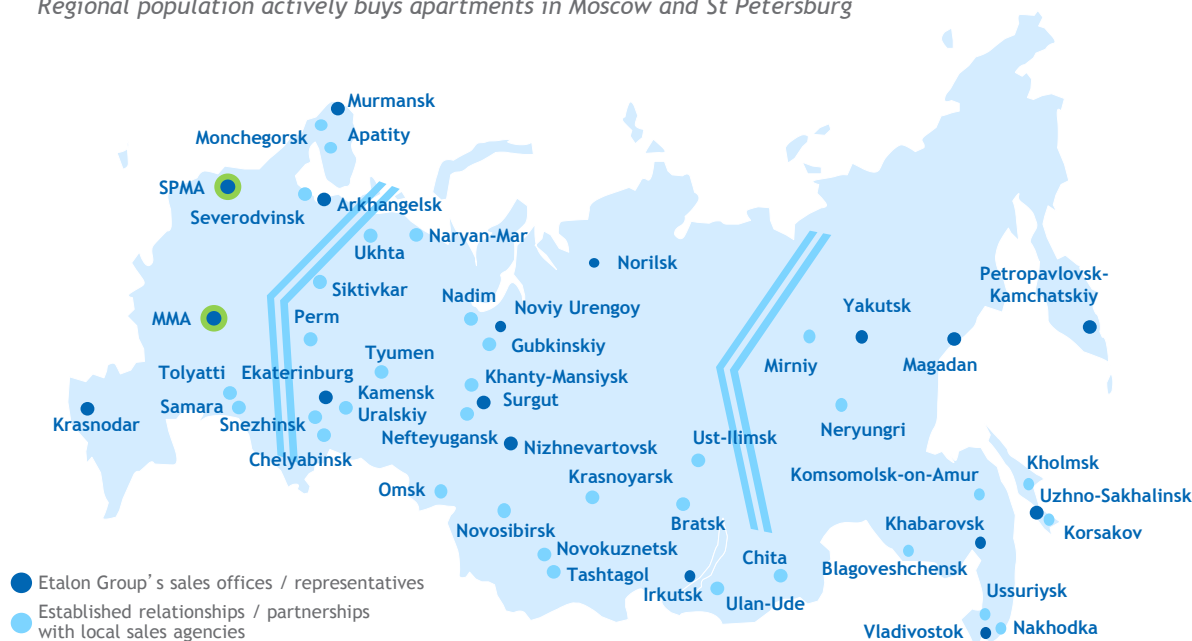
⁽³⁾ Excluding land acquisition costs

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

NATIONWIDE SALES & MARKETING NETWORK SUPPORTS SUSTAINABLE CONTRACTING

POWERFUL SALES NETWORK ACROSS THE COUNTRY

Regional population actively buys apartments in Moscow and St Petersburg



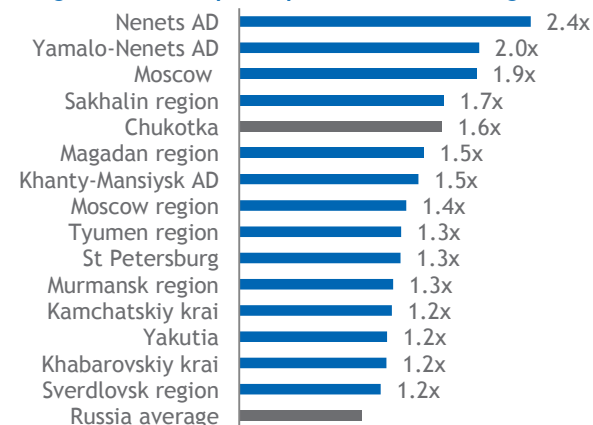
- Etalon Group's sales force is focused on the regions with the **largest income per capita**
- Key markets: **SPMA and MMA**
- **52 cities covered** with 8 sales offices in St Petersburg and 22 more sales offices nationwide
- External professional marketing and sales service agents engaged nationwide

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-Mansiysk 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 OUT OF RUSSIA'S 15 RICHEST REGIONS

Regional income per capita to Russia average⁽²⁾



■ Etalon Group's target regions

⁽¹⁾ Source: company data for 2Q 2017

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

BOARD OF DIRECTORS REPRESENTS INTERESTS OF ALL INVESTOR GROUPS



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



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



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
- Voted one of the top three portfolio managers in Russia by Thomson Reuters Extel Survey (2013)

Education

- SPb State University of Economics and Finance



DMITRY KASHINSKIY

Vice President

Experience and awards

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

Education

- Moscow Aviation Institute



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



ALEXEI KALININ

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



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. From March 2014 to August 2016 served as CFO of Etalon Group

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

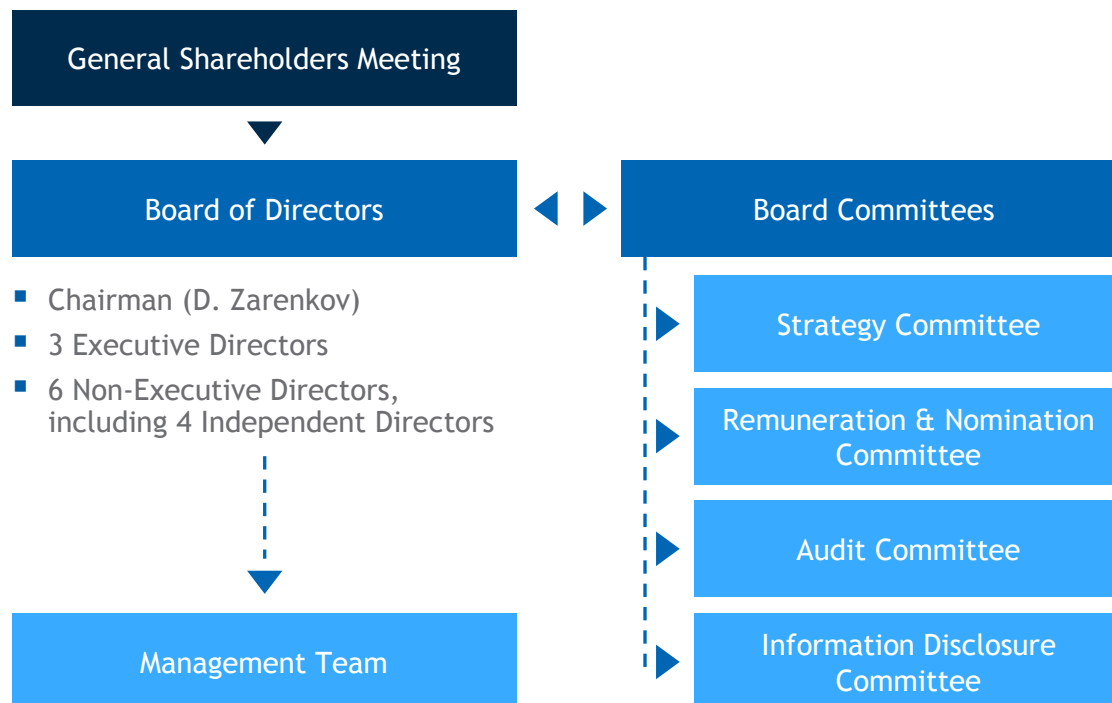
Education

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

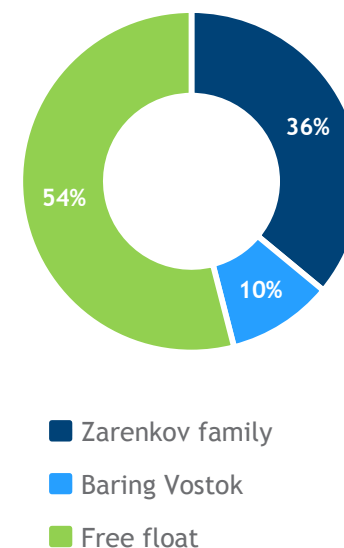
⁽¹⁾ Title granted by President of Russia

STRONG CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE

CORPORATE GOVERNANCE STRUCTURE



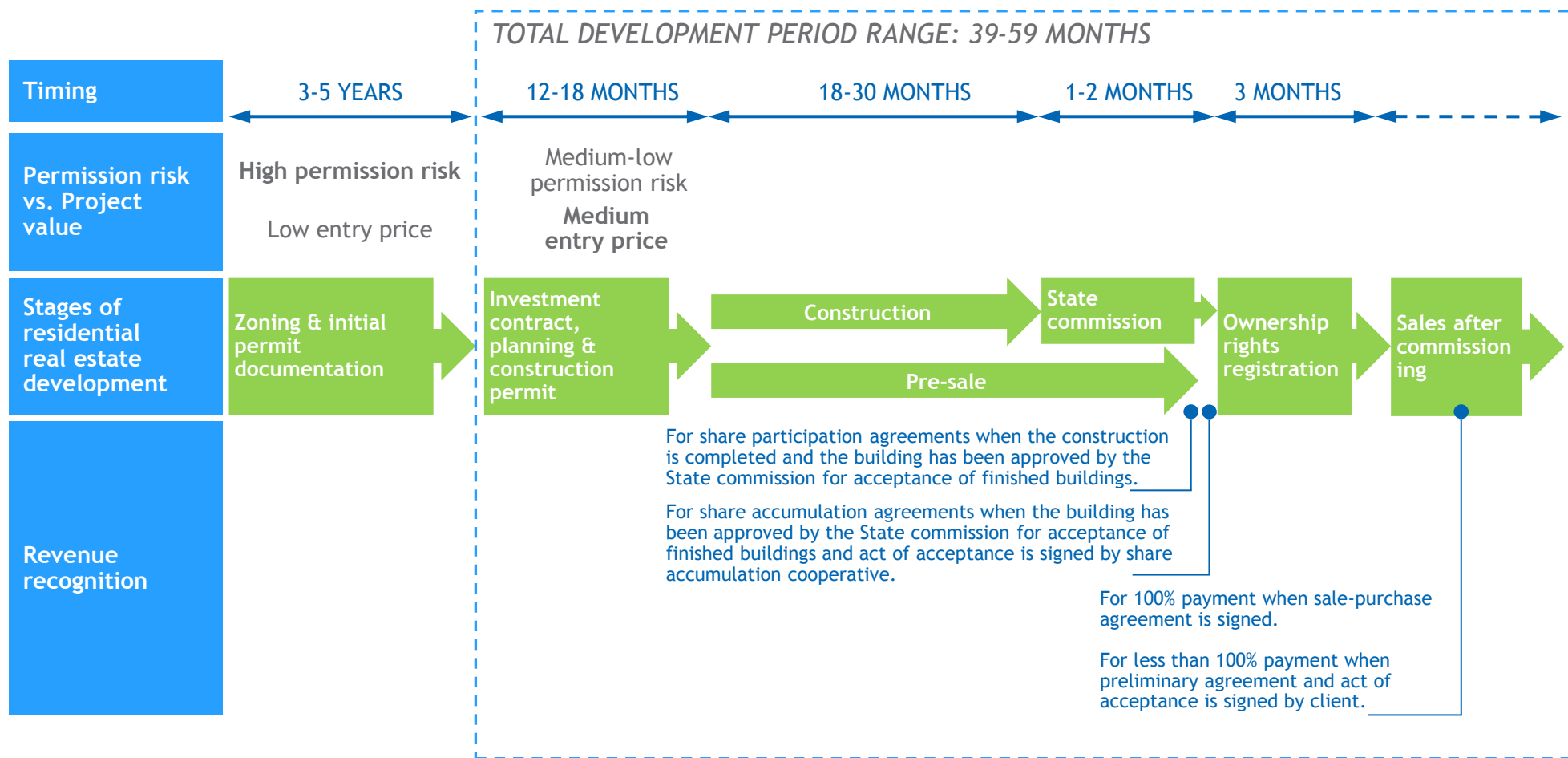
SHAREHOLDER STRUCTURE



As of 1 June 2017

Source: Company data

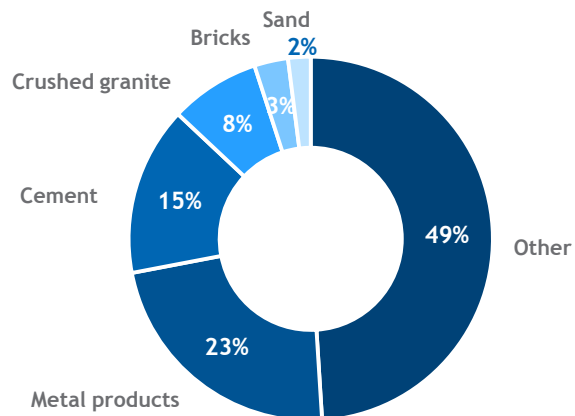
RESIDENTIAL DEVELOPMENT SCHEME



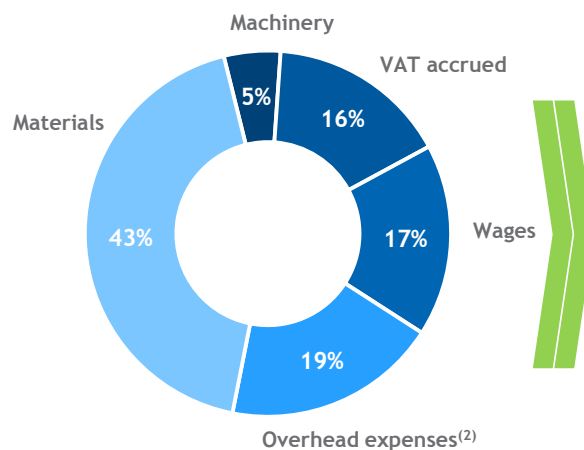
Source: Company data

TYPICAL PROJECT COST STRUCTURE

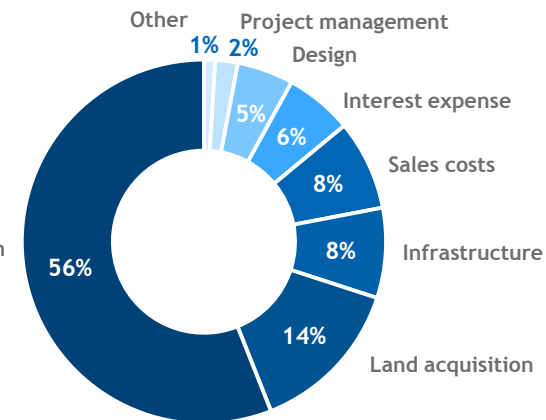
MATERIALS COST STRUCTURE⁽¹⁾
(RUB 12,000 - 18,000 PER SQM OF NSA)



CONSTRUCTION COST STRUCTURE⁽¹⁾
(RUB 29,000 - 39,000 PER SQM OF NSA)

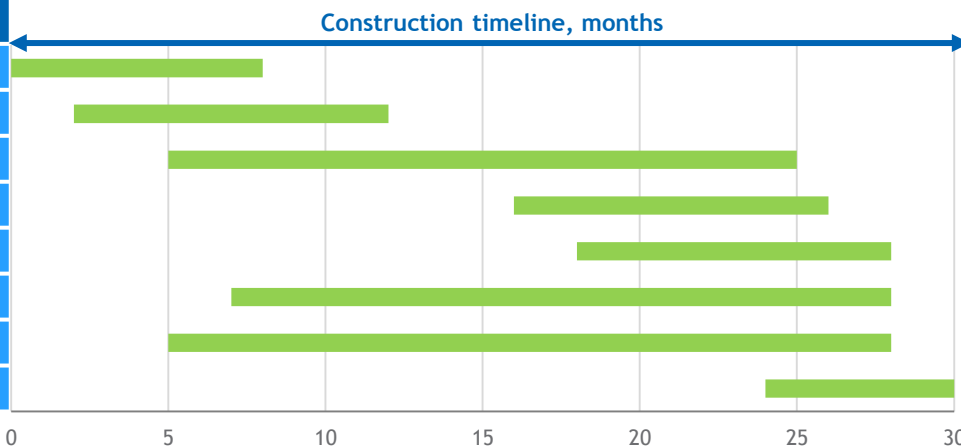


TOTAL COST STRUCTURE⁽¹⁾
(RUB 59,000 - 72,000 PER SQM OF NSA)



TYPICAL PROJECT LIFECYCLE⁽¹⁾

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



⁽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

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

⁽¹⁾ 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

2015-2017⁽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
- Due to be completed in 2017

INCOME STATEMENT

mIn RUB	1H14	1H15	1H16	2014	2015	2016
Revenue	14,539	18,148	19,742	51,481	42,404	49,022
Cost of sales	(10,759)	(12,584)	(15,685)	(35,685)	(29,405)	(36,813)
Gross profit	3,780	5,564	4,057	15,796	12,999	12,209
General and administrative expenses	(1,957)	(2,021)	(1,958)	(4,178)	(4,348)	(4,454)
Selling expenses	(577)	(619)	(918)	(1,474)	(1,411)	(1,984)
Other expenses, net	(166)	(341)	(495)	(913)	(991)	(753)
Results from operating activities	1,080	2,583	686	9,231	6,249	5,018
Finance income	391	998	891	1,717	1,686	1,857
Finance costs	(242)	(593)	(152)	(553)	(504)	(319)
Net finance income	149	405	739	1,164	1,182	1,538
Profit before income tax	1,229	2,988	1,425	10,395	7,431	6,556
Income tax expense	(302)	(795)	(117)	(2,026)	(2,002)	(1,654)
Profit for the period	927	2,193	1,308	8,369	5,429	4,902
Profit attributable to:						
Owners of the Company	927	2,188	1,307	8,345	5,399	4,902
Non-controlling interest	-	5	1	24	30	-
Profit for the period	927	2,193	1,308	8,369	5,429	4,902

Source: IFRS financial statements for 1H14, 1H15, 1H16, 2014, 2015, 2016

BALANCE SHEET

mIn RUB	1H14	1H15	1H16	2014	2015	2016
Assets						
Non-current assets						
PP&E	2,326	2,349	2,433	2,503	2,479	2,889
Investment property	1,052	618	482	808	538	561
Other long-term investments	684	684	556	1,036	578	545
Trade and other receivables	756	2,164	3,801	2,521	3,303	5,063
Deferred tax assets	710	1,040	1,412	885	1,159	1,414
Other non-current assets	10	10	2	10	5	-
Total non-current assets	5,538	6,865	8,686	7,763	8,062	10,472
Current assets						
Inventories	57,132	61,131	69,237	57,525	67,722	71,261
Trade and other receivables	17,746	15,926	20,340	15,074	18,227	21,409
Short-term investments	5,493	2,122	830	1,221	733	793
Cash and cash equivalents	9,635	10,042	15,770	14,631	11,532	10,206
Other current assets	18	66	7	66	7	-
Total current assets	90,024	89,287	106,184	88,517	98,221	103,669
Total assets	95,562	96,152	114,870	96,280	106,283	114,141

mIn RUB	1H14	1H15	1H16	2014	2015	2016
Equity and Liabilities						
Equity						
Share capital	14,983	14,983	14,999	14,983	14,999	15,070
Retained earnings	30,259	37,011	40,068	36,537	39,697	43,052
Total equity attributable to equity holders of the Company	45,242	51,994	55,067	51,520	54,696	58,122
Non-controlling interest	387	170	83	351	147	28
Total equity	45,629	52,164	55,150	51,871	54,843	58,150
Non-current liabilities						
Loans and borrowings	10,050	13,375	12,950	12,411	13,138	12,415
Trade and other payables	678	4,024	610	2,854	923	859
Provision	91	112	109	114	117	107
Deferred tax liabilities	650	1,249	1,096	1,456	1,810	1,557
Total non-current liabilities	11,469	18,760	14,765	16,835	15,988	14,938
Current liabilities						
Loans and borrowings	4,689	5,141	8,720	3,880	6,276	5,639
Trade and other payables	32,436	18,451	34,375	21,460	25,630	33,666
Provisions	1,339	1,636	1,860	2,234	3,546	1,748
Total current liabilities	38,464	25,228	44,955	27,574	35,452	41,053
Total equity and liabilities	95,562	96,152	114,870	96,280	106,283	114,141

Source: IFRS financial statements for 1H14, 1H15, 1H16, 2014, 2015, 2016

CASHFLOW STATEMENT

mln RUB	1H14	1H15	1H16	2014	2015	2016
Operating Activities						
Profit for the period	927	2,193	1,308	8,369	5,429	4,902
<i>Adjustments for:</i>						
Depreciation	204	213	240	417	406	434
Loss / (gain) on disposal of PP&E	(46)	20	(7)	(52)	(65)	(52)
Gain on disposal of investment property	-	-	-	-	-	(267)
Impairment gain / (loss) on investment property	60	166	27	280	215	(41)
Impairment loss on inventories	85	30	290	466	514	430
Finance income, net	(149)	(405)	(739)	(1,164)	(1,182)	(1,538)
Income tax expense	302	795	117	2,026	2,002	1,654
Cash from operating activities before changes in working capital	1,383	3,012	1,236	10,342	7,319	5,522
Change in inventories	(6,763)	(2,418)	(502)	(6,890)	(8,255)	(1,780)
Change in accounts receivable	(2,093)	(366)	(2,381)	(1,427)	(3,899)	(3,746)
Change in accounts payable	10,135	(1,461)	8,519	1,184	2,369	7,814
Change in provisions	(324)	(600)	(1,694)	594	1,315	(1,808)
Change in other current assets	(11)	-	-	(59)	-	-
Income tax paid	(742)	(1,605)	(1,070)	(1,645)	(2,146)	(1,960)
Interest paid	(683)	(1,180)	(1,278)	(1,588)	(2,516)	(2,603)
Net cash from/(used in) operating activities	902	(4,618)	2,830	511	(5,813)	1,437
Investing Activities						
Proceeds from disposal of non-current assets	52	29	45	66	188	93
Interest received	342	802	580	823	1,311	1,153
Acquisition of PP&E	(364)	(95)	(218)	(653)	(369)	(711)
Loans given	(16)	(4)	(41)	(178)	(123)	(435)
Loans repaid	79	21	18	174	66	25
Disposal of subsidiaries, net of cash disposed of	-	(3)	(1)	7	-	-
(Acquisition)/disposal of other investments	(964)	(598)	(113)	3,038	1,155	242
Net cash used in investing activities	(871)	152	270	3,277	2,228	367
Financing activities						
Acquisition of non-controlling interest	-	(66)	(38)	(83)	(20)	(94)
Proceeds from borrowings	5,627	4,707	5,882	10,763	9,480	9,016
Repayments of borrowings	(4,278)	(2,323)	(3,635)	(8,498)	(6,281)	(10,404)
Acquisition of own shares	16	-	-	16	16	-
Dividends paid	-	(1,834)	(961)	(1,124)	(2,452)	(1,504)
Net cash from/(used in) financing activities	1,365	484	1,248	1,074	743	(2,986)
Net increase/(decrease) in cash and cash equivalents	1,396	(3,982)	4,348	4,862	(2,842)	(1,182)
Effect of FX rate fluctuations	100	(607)	(110)	1,630	(257)	(144)
Cash & cash equivalents at the end of the period	9,635	10,042	15,770	14,631	11,532	10,206

Source: IFRS financial statements for 1H14, 1H15, 1H16, 2014, 2015, 2016

EBITDA CALCULATION

mIn RUB	1H14	1H15	1H16	2014	2015	2016
Comprehensive income	927	2,193	1,308	8,369	5,429	4,902
Income tax expense	302	795	117	2,026	2,002	1,654
Interest expense on loans and finance leases	140	15	6	295	19	12
Net foreign exchange loss	70	438	51	-	138	78
Interest income on bank deposits	(307)	(686)	(437)	(729)	(1,089)	(839)
Interest income on loans and receivables	(35)	(116)	(143)	(94)	(222)	(314)
Net foreign exchange gain	-	-	-	(814)	-	-
Bank fees and commissions	42	49	65	117	95	133
Interest in COS	340	272	508	1,024	897	1,241
Depreciation	204	213	240	417	406	434
EBITDA	1,683	3,173	1,715	10,611	7,675	7,301



	1H14	1H15	1H16	2014	2015	2016
Depreciation to COGS (Note 13 PP&E)	160	167	183	271	284	321
Depreciation to selling expenses (Note 13 PP&E)	1	3	2	4	6	4
Depreciation to G&A expenses (Note 13 PP&E)	19	19	29	94	63	62
Depreciation to Investment property (Note 14 Investment property)	24	24	24	48	48	42
Depreciation to other non-current assets	-	-	2	-	5	5

WORKING CAPITAL CALCULATION

mln RUB	1H14	1H15	1H16	2014	2015	2016
Total inventory	57,132	61,131	69,237	57,525	67,722	71,261
<i>Current part</i>						
+ Trade and other receivables	17,746	15,926	20,340	15,074	18,227	21,409
- Trade and other payables	32,436	18,451	34,375	21,460	25,630	33,666
- Provisions	1,339	1,636	1,860	2,234	3,546	1,748
<i>Non-current part</i>						
+ Trade and other receivables	756	2,164	3,801	2,521	3,303	5,063
- Trade and other payables	678	4,024	610	2,854	923	859
- Provisions	91	112	109	114	117	107
<i>Adjustments</i>						
- Cumulative borrowing costs capitalized during the period (Note 11 Finance income and finance costs)	4,660	6,636	9,278	5,416	7,977	10,602
+ Cumulative borrowing costs that have been included into the cost of sales (Note 11 Finance income and finance costs)	1,629	2,585	3,718	2,313	3,210	4,451
-Income tax receivable (Note 18 Trade and other receivables)	85	467	302	159	358	412
+Income tax payable (Note 25 Trade and other payables)	116	10	100	380	125	399
Working capital	38,090	50,490	50,662	45,576	54,036	55,189

FCF CALCULATION

mln RUB	2014	2015	2016	1H15	2H15	1H16	2H16
Comprehensive income	8,369	5,429	4,902	2,193	3,236	1,308	3,594
<i>Adjustment for:</i>							
Depreciation	417	406	434	213	193	240	194
Loss/(gain) on disposal of PP&E	(52)	(65)	(52)	20	(85)	(7)	(45)
Impairment loss on investment property	280	215	(41)	166	49	27	(68)
Impairment loss on inventory	466	514	430	30	484	290	140
Loss on disposal of subsidiaries	-	-	-	-	-	-	-
Finance income, net	(1,164)	(1,182)	(1,538)	(405)	(777)	(739)	(799)
Income tax expense	2,026	2,002	1,654	795	1,207	117	1,537
Income tax paid	(1,645)	(2,146)	(1,960)	(1,605)	(541)	(1,070)	(890)
Interest paid	(1,588)	(2,516)	(2,603)	(1,180)	(1,336)	(1,278)	(1,325)
(Increase)/Decrease in working capital	(6,598)	(8,470)	480	(4,845)	(3,625)	3,942	(3,462)
(Increase)/Decrease in invested capital	(587)	(181)	(618)	(66)	(115)	(173)	(445)
FCF	(76)	(5,994)	1,088	(4,684)	(1,310)	2,657	(1,569)

(Increase)/Decrease in working capital based on CF statement	2014	2015	2016	1H15	2H15	1H16	2H16
Change in inventories	(6,890)	(8,255)	(1,780)	(2,418)	(5,837)	(502)	(1,278)
Change in accounts receivable	(1,427)	(3,958)	(3,746)	(366)	(3,592)	(2,381)	(1,365)
Change in accounts payable	1,184	2,369	7,814	(1,461)	3,830	8,519	(705)
Change in provisions	594	1,315	(1,808)	(600)	1,915	(1,694)	(114)
Change in other current assets	(59)	59	-	-	59	-	-
Working capital change	(6,598)	(8,470)	480	(4,845)	(3,625)	3,942	(3,462)

(Increase)/Decrease in invested capital based on CF statement	2014	2015	2016	1H15	2H15	1H16	2H16
Acquisition of PP&E	(653)	(369)	(711)	(95)	(274)	(218)	(493)
Proceeds from disposal of non-current assets	66	188	93	29	159	45	48
Invested capital change	(587)	(181)	(618)	(66)	(115)	(173)	(445)

**Etalon Group Public
Company Limited**
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