

WOOD'S EMERGING EUROPE CONFERENCE

7 DECEMBER 2017

DISCLAIMER



IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING

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

This Presentation (i) is not intended to form the basis for any investment decision and (ii) does not purport to contain all the information that may be necessary or desirable to evaluate the Company fully and accurately, and (iii) is not to be considered as recommendation by the Company or any of its affiliates that any person (including a recipient of this Presentation) participate in any transaction involving the Company or its securities.

The Company has prepared this Presentation based on information available to it as at the date of this Presentation, including information derived from public sources that have not been independently verified. The information contained in this document may be updated, amended or superseded by subsequent disclosures, or may become outdated and inaccurate over time and is subject to change without notice. Neither the Company nor any of its directors, officers, employees, shareholders, affiliates, advisors or representatives shall have any liability whatsoever (in

negligence or otherwise) for any loss howsoever arising from any use of this Presentation or its contents or otherwise arising in connection with the Presentation or undertake any duty or obligation to supplement, amend, update or revise any information contained in this Presentation.

This Presentation contains certain unaudited half- and full- year financial information which has been prepared based on the Company's reviewed management accounts (hereinafter - Management accounts). If not specifically noted otherwise, this Presentation contains also certain full- and half- year financial information based on the Company's audited consolidated IFRS accounts. It also includes certain non-IFRS financial information, such as Earnings before interest, taxes, depreciation and amortization ("EBITDA"), EBITDA margin, Working capital and free cash flow ("FCF") which has not been audited or reviewed by the Company's auditors.

Any „forward-looking statements“, which include all statements other than statements of historical facts, including, without limitation, forecasts, projections and any statements preceded by, followed by or that include the words „targets“, „believes“, „expects“, „aims“, „intends“, „will“, „may“, „anticipates“, „would“, „could“ or similar expressions or the negative thereof, involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements include statements regarding: our construction programme and future construction and development projects (information concerning which is being provided solely on an indicative basis for information purposes only and is subject to change without notice); strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures; growth in demand for

products; economic outlook and industry trends; developments of markets; the impact of regulatory initiatives; and the strength of competitors. Such forward-looking statements are based on numerous assumptions by management regarding present and future business strategies and the environment operating in the future. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control. Neither the Company, nor any of its agents, employees or advisors undertake or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this Presentation.

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

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

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

CONTENTS

- 1 / AT A GLANCE 03
- 2 / MARKET OVERVIEW 10
- 3 / OPERATING RESULTS 16
- 4 / LANDBANK 26
- 5 / FINANCIAL RESULTS 36
- 6 / NEW MOTIVATION POLICY 44
- 7 / SELECTED PROJECTS 47
- 8 / APPENDIX 60



AT A GLANCE



ETALON GROUP AT A GLANCE

Etalon Group is one of Russia's largest development and construction corporations. The Company focuses on residential real estate for the middle class in the Moscow metropolitan area and St Petersburg.

KEY FACTS

30
YEARS

of experience in
construction &
development

52
CITIES

in Russia are
covered by the
sales network

5.5
MLN SQM

commissioned since
inception

5 THS

employees

35
PROJECTS

among which 21 are
under construction or
ready to launch in near
future, and a total of
2.82 mln sqm of NSA

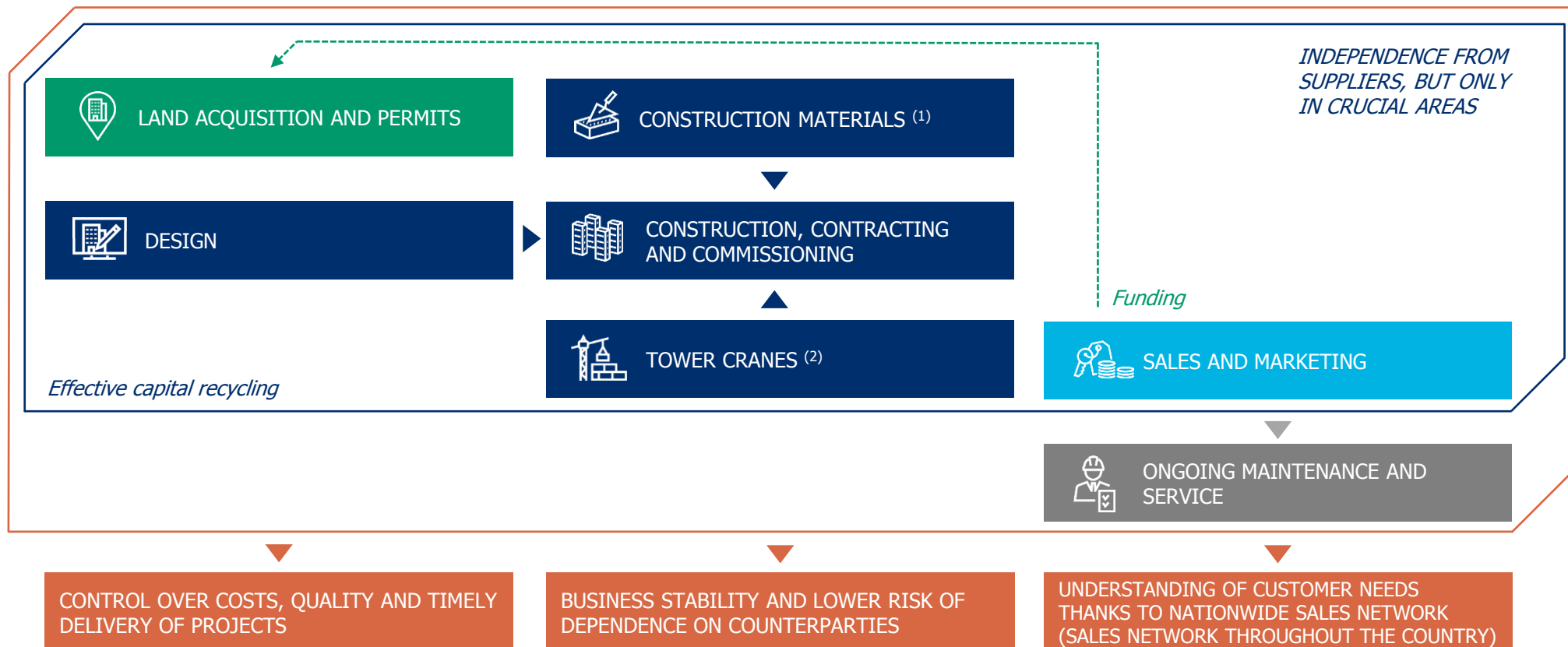
ETLN
LSE ticker

GDRs listed on the
London Stock Exchange
since 2011

STRATEGIC VERTICAL INTEGRATION



ETALON GROUP OPERATES IN EVERY STAGE OF THE 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

First Vice President and COO

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 Samarenergo 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)

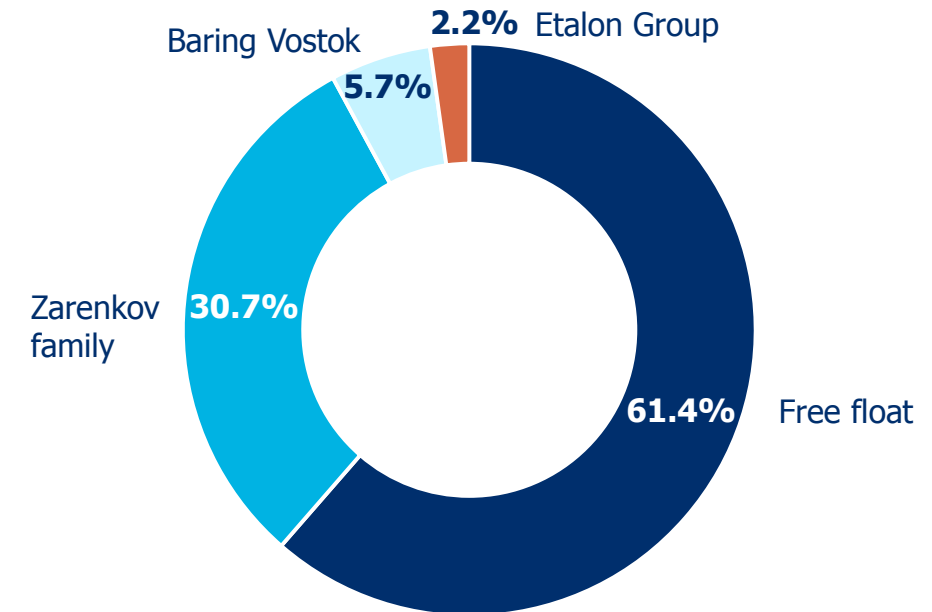
⁽¹⁾ Title granted by President of Russia

CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE

CORPORATE GOVERNANCE STRUCTURE



SHAREHOLDER STRUCTURE⁽¹⁾



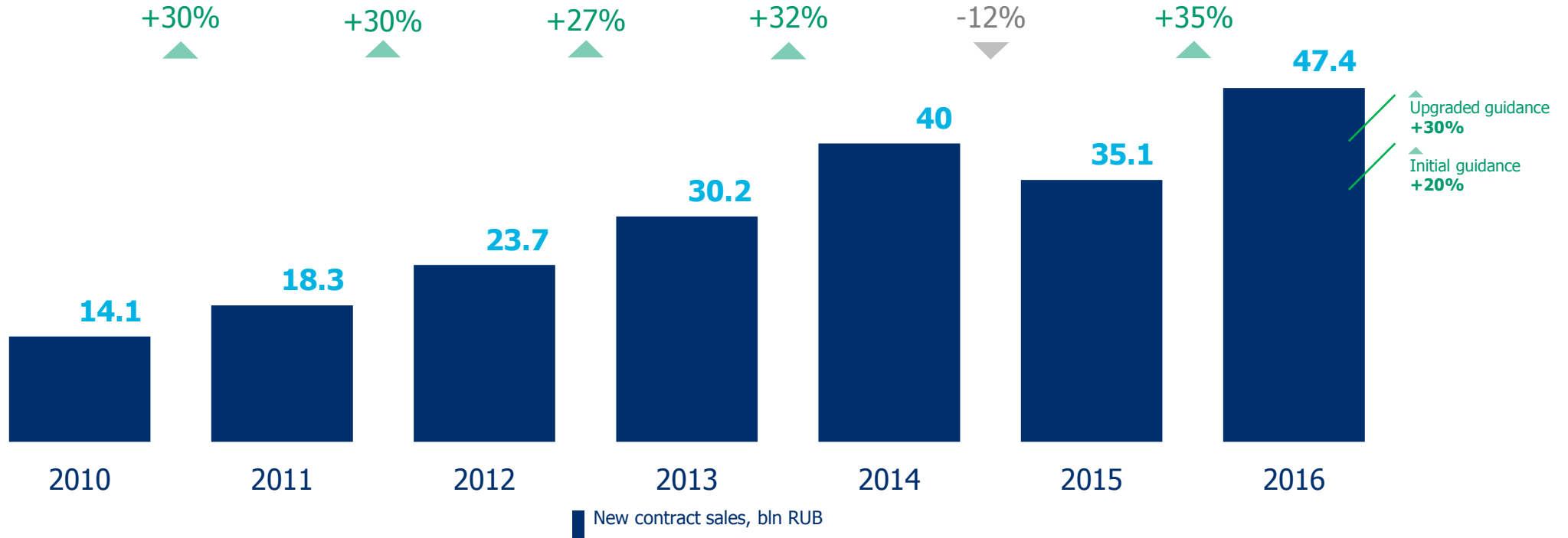
Source:
Company data

⁽¹⁾ As of 1 December 2017

NEW SALES HAVE MORE THAN TRIPLED IN THE 6 YEARS POST-IPO



2016 OPERATING RESULTS
SET A NEW RECORD FOR
ETALON GROUP



- > FY 2016 operating results beat even ambitious upgraded guidance
- > New sales CAGR of 22% since pre-IPO year of 2010

Source:
Company data

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: St Petersburg 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 3Q 2017

⁽²⁾ Average monthly cash income per capita, Rosstat's preliminary estimates for 7M 2017

ETALON GROUP'S REGIONAL SALES GEOGRAPHY⁽¹⁾

REGION	SHARE OF TOTAL CONTRACTS
Leningrad region	3.4%
Khanty-Mansi AD	1.9%
Yamalo-Nenets AD	1.8%
Murmansk region	1.4%
Krasnoyarskiy krai	1.3%
Arkhangelsk region	1.1%
Sakhalin region	1.1%
Kamchatskiy krai	1.1%
Other Russian regions	25.0%
Foreigners	1.3%
TOTAL	39.4%

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	2.3x	
Moscow	1.9x	
Yamalo-Nenets AD	1.9x	
Chukotka	1.9x	
Sakhalin region	1.6x	
Magadan region	1.5x	
Khanty-Mansi AD	1.5x	
Moscow region	1.4x	
St Petersburg	1.3x	
Tyumen region	1.3x	
Kamchatskiy krai	1.3x	
Yakutia	1.2x	
Murmansk region	1.2x	
Khabarovskiy krai	1.1x	
Sverdlovsk region	1.1x	
Russia average		

AT A GLANCE

ETALON GROUP

9

MARKET OVERVIEW



SUPPLY AND DEMAND

FACTORS AFFECTING **SUPPLY**

- ▼ **Renovation programme in Moscow**
 - > **Positive impact in the short term** due to decreasing supply of apartments from the state-owned “Administration for Civil Engineering” (all apartments available on the open market will be used in the next 3 years for relocation purposes under the renovation programme), and moderate impact expected in the long term
- ▼ **Amendments to Law 214 regulating residential development industry**
 - > **Considerable positive impact in the long term** due to withdrawal of smaller players who do not comply with the requirements of the amended law 214
- ▼ **Further industry consolidation among top industry players**
 - > **Positive impact** due to decreasing supply triggered by market consolidation among top players and withdrawal of smaller developers who do not comply with the requirements of the amended law 214

FACTORS AFFECTING **DEMAND**

- ▼ **Decrease in real disposable income in recent years**
 - > **Moderately negative impact in the short term** due to a downswing in consumer confidence; however impact is partially offset by rapid growth of real income recorded up to 2014
- ▲ **Significant decrease in mortgage rates**
 - > **Considerable positive impact** due to increasingly accessible mortgages for income groups who previously could not afford mortgage payments. Up to 1.5 mln new households within Etalon Group’s target markets who could not afford mortgage financing now will be able to buy housing, with interest rates declining to 7%⁽¹⁾
- ▲ **Macro recovery and subsequent real disposable income growth**
 - > Macro recovery and growth of real disposable income **is likely to provide further stimulus for potential buyers** of residential real estate

⁽¹⁾ Source: MACON Realty Group estimates based on Rosstat income distribution data, saving rates, households consumption patterns; AHML data; MinEc data and other open sources

RENOVATION PROGRAMME

RENOVATION PROGRAMME⁽¹⁾

- > **Over 5,000 buildings** are already included in the programme
- > **Over RUB 3,500 bln** is expected to be spent **within the next 15 years** to implement the whole programme
- > Construction of new housing stock in the first 7-8 years for **relocation purposes only**, without admitting private developers to the programme
- > **In the first three years**, Moscow authorities are planning to spend **RUB 300 bln** on the renovation programme
- > For relocation at the first stage of the programme, Moscow authorities plan to use **250 ths sqm of apartments belonging to the "Administration for Civil Engineering"** that were previously due to be sold on the open market
- > The renovation programme has a **social focus**, and the intent is to implement it in such a way that there is **no negative effect on the market**
- > **Height restrictions of 9-14 floors** for newly constructed complexes

BENEFITS FOR REAL ESTATE DEVELOPERS

- > Lack of completed housing stock for the first stage of renovation means that the city authorities might be forced to buy from existing supply, in addition to apartments belonging to the "Administration for Civil Engineering", resulting in **reduction of current supply**
- > In case of supportive measures from city council and willingness to admit private companies to renovation, the top players will have the option to participate in the programme rather than buy plots from private landlords, resulting in **lower land acquisition costs**
- > Assuming the current pace of financing by Moscow authorities, implementation of the programme may take over 30 years
- > On the back of the renovation programme, customers have shifted interest from the secondary market to the primary market, which has resulted in a **short-term boost in demand**

⁽¹⁾ Based on information available at mos.ru, and from the interview with Deputy Mayor of Moscow M. Khusnullin published in Vedomosti on 9 August 2017

FEDERAL LAW 214



FINANCIAL AND OPERATING EXCELLENCE CREATE
AN OPPORTUNITY TO CAPITALISE ON INDUSTRY
CONSOLIDATION

AMENDMENTS TO FEDERAL LAW 214

ENHANCED REQUIREMENTS TO CAPITAL SUFFICIENCY AND USE OF FUNDS

Changes	Relevance for Etalon
<ul style="list-style-type: none">> Compensation fund contribution equal to 1.2% of value of equity participation contract> Own funds worth 10% of the entire project must be deposited in a mandated bank before being able to raise funds through equity participation agreements	Unlike small players, Etalon's strong balance sheet enables the Company to easily comply with new requirements
<ul style="list-style-type: none">> Developer's borrowing activities are limited to housing construction activities only> No bonds, only equity issuance allowed	Additional financing needs can be met through borrowings from a parent company, including bank loans, or debt securities that can be issued either by a parent company or affiliated companies
<ul style="list-style-type: none">> Advances associated with design and construction are limited to 30% of total project value> SG&A to be capped at 10% of construction costs	Current values for Etalon Group companies are in line with the new requirements of the amended law

ENHANCED TRANSPARENCY REQUIREMENTS

Changes	Relevance for Etalon
<ul style="list-style-type: none">> Audited annual financial reporting> Disclosure of interim unaudited financial results	Established IFRS reporting system and semi-annual audit

ENHANCED TRACK RECORD REQUIREMENTS

Changes	Relevance for Etalon
<ul style="list-style-type: none">> Developer must have at least a 3-year track record, and a minimum of 10 ths sqm of area commissioned	30 years of experience Over 5.5 mln sqm commissioned

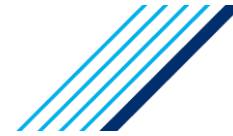
OTHER REQUIREMENTS

Changes	Relevance for Etalon
<ul style="list-style-type: none">> Developer may undertake only one construction project approved by authorities at a time	Establishing SPEs to enable simultaneous implementation of projects

BENEFITS FOR TOP PLAYERS:

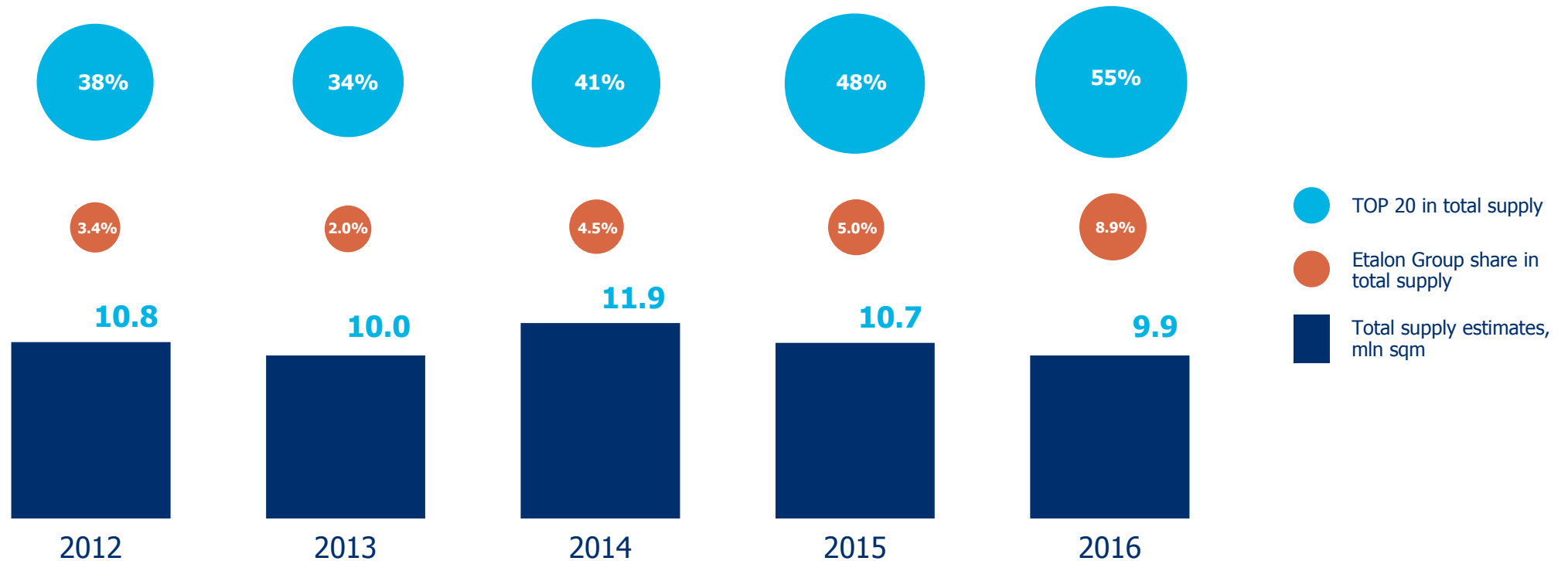
- > Major developers with sustainable cash positions have less potential exposure to negative effects of the amendments, creating conditions for **further industry consolidation**
- > Land owners may be forced to sell plots, as their ability to raise capital and undertake development activities is doubtful. This will further **ease competition** and potentially **make attractive new projects available for sale** and even with more appealing price

RESIDENTIAL REAL ESTATE SUPPLY



ETALON IS WELL-POSITIONED
TO GROW MARKET SHARE IN
CORE MARKETS

TOTAL SUPPLY IN ST PETERSBURG AND MMA⁽¹⁾



Source:
Knight Frank, IRN, Company data

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

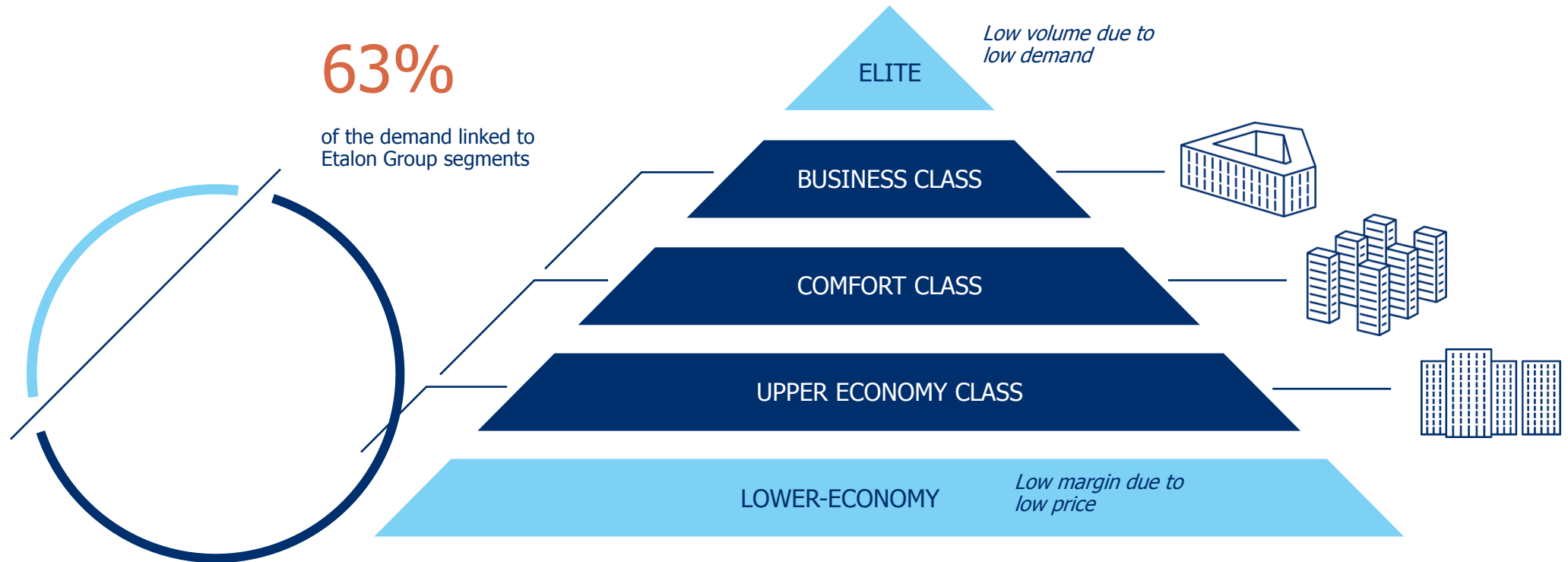
RESIDENTIAL REAL ESTATE DEMAND



ETALON GROUP REMAINS
FOCUSED ON THE SEGMENTS
WITH HIGHEST DEMAND

RESIDENTIAL REAL ESTATE DEMAND BREAKDOWN

ETALON GROUP SEGMENTS



Source: MACON Realty Group estimates based on Rosstat income distribution data, saving rates, households consumption patterns; AHML data; MinEc data and other open sources

OPERATING RESULTS

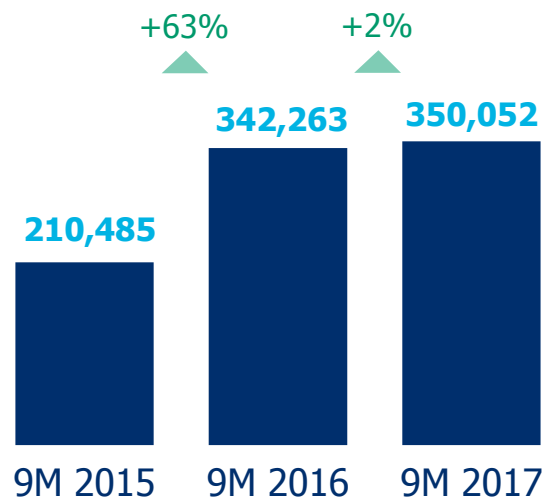


9M 2017 OPERATING RESULTS

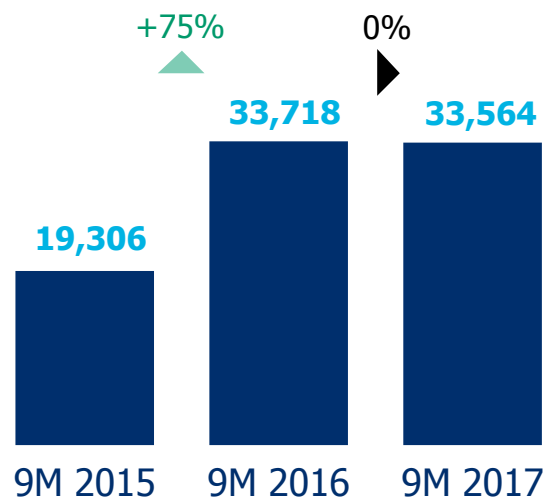


9M 2017 OPERATING PERFORMANCE
ON PAR WITH RECORD-SETTING
9M 2016 RESULTS

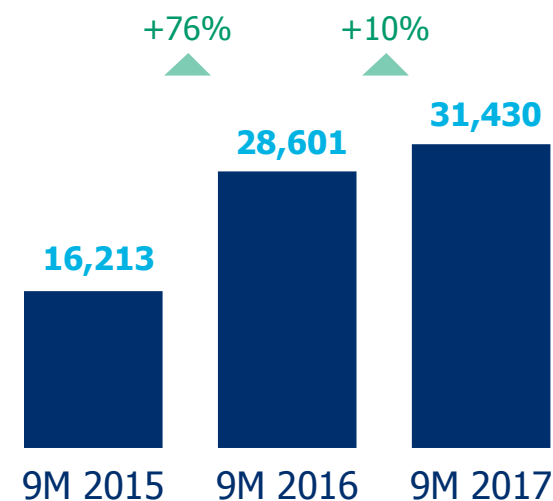
NEW CONTRACT SALES
sqm



NEW CONTRACT SALES
mln RUB



CASH COLLECTIONS
mln RUB



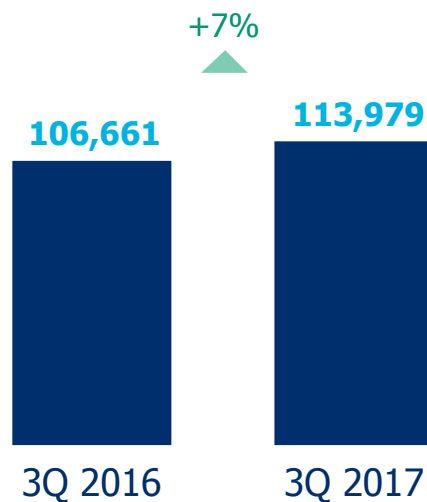
Source:
Company data

3Q 2017 OPERATING RESULTS

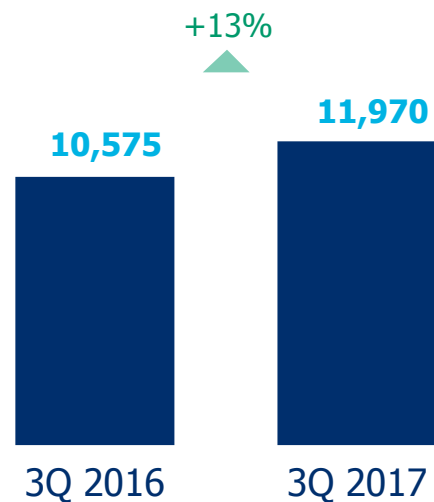


NEW CONTRACT SALES INCREASED
BY 13% Y-O-Y TO RUB 12 MLN

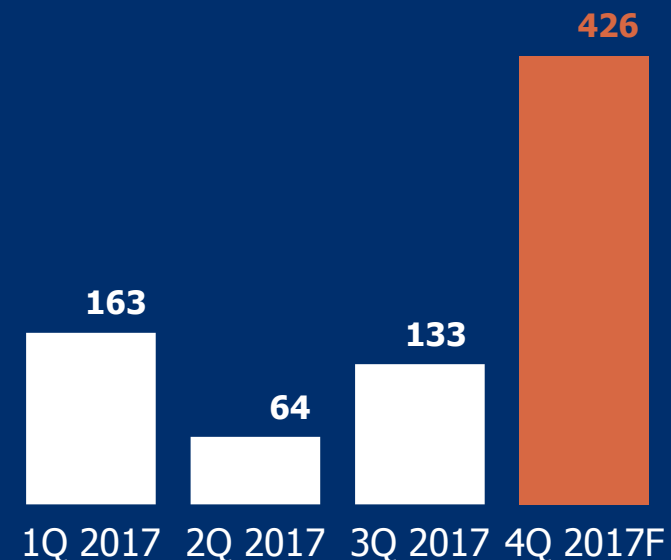
NEW CONTRACT SALES
sqm



NEW CONTRACT SALES
mln RUB



NEW LAUNCHES IN 2017
thb sqm



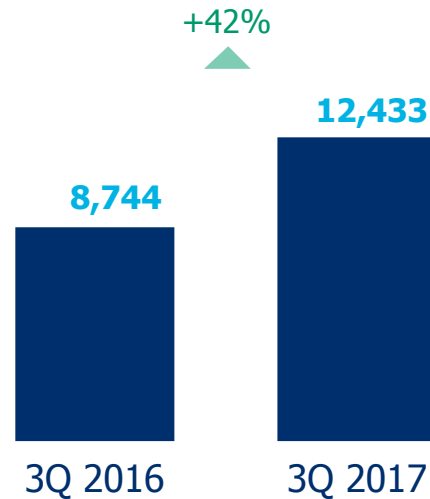
Source:
Company data

3Q 2017 OPERATING RESULTS

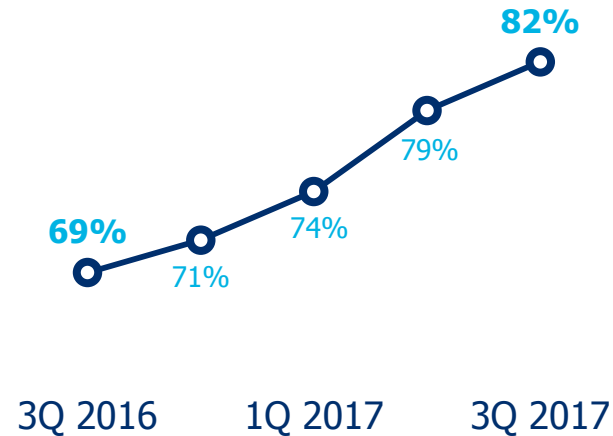


CONTINUED RISE IN AVERAGE DOWN PAYMENT
COMBINED WITH POSITIVE PRICE DYNAMICS
LEAD TO GROWTH IN CASH COLLECTIONS

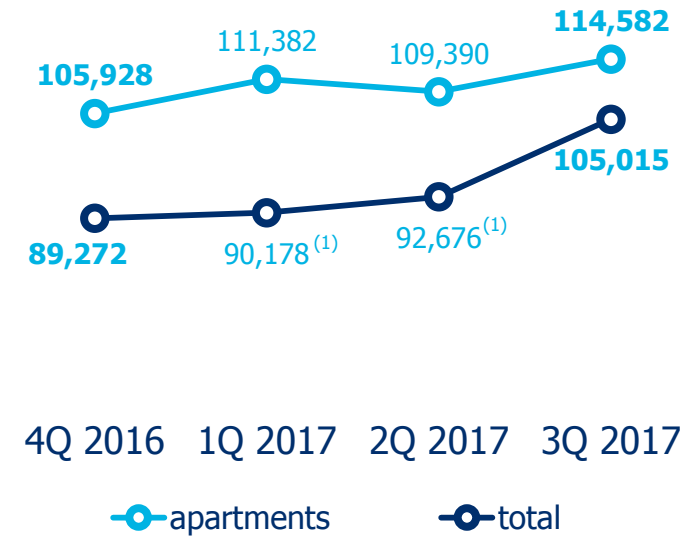
CASH COLLECTIONS
mln RUB



AVERAGE DOWN PAYMENT
%



AVERAGE PRICE
RUB/sqm



Source:
Company data

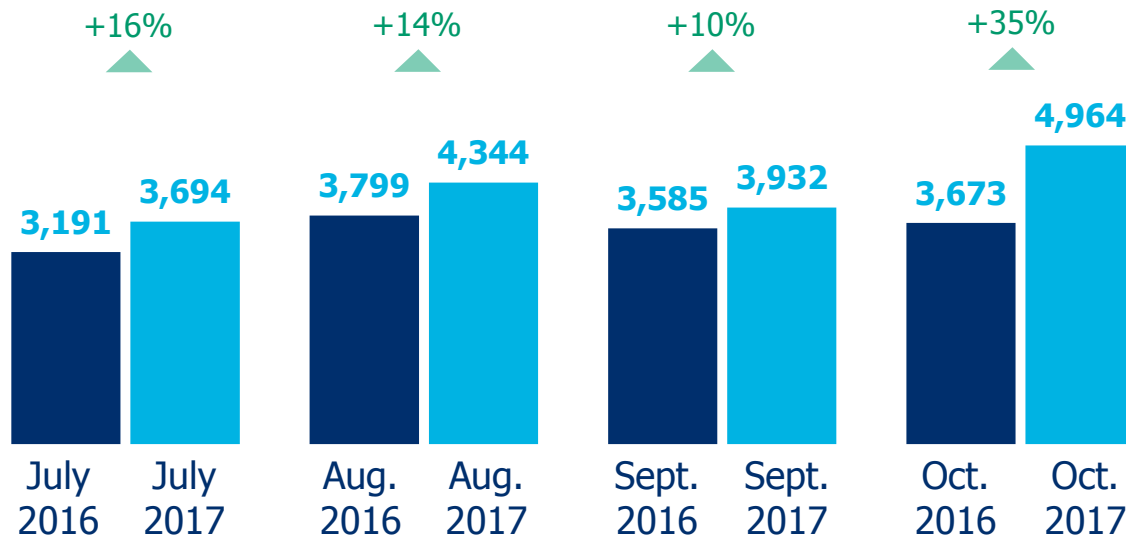
(1) Includes sale of office, sporting and industrial premises which prices per sqm are typically below average for residential

OCTOBER 2017 OPERATING RESULTS



ACCELERATING SALES DYNAMICS IN OCTOBER 2017 SUPPORTED BY 15% Y-O-Y GROWTH IN AVERAGE PRICE

NEW CONTRACT SALES mln RUB



AVERAGE PRICE ths RUB/sqm



Source:
Company data

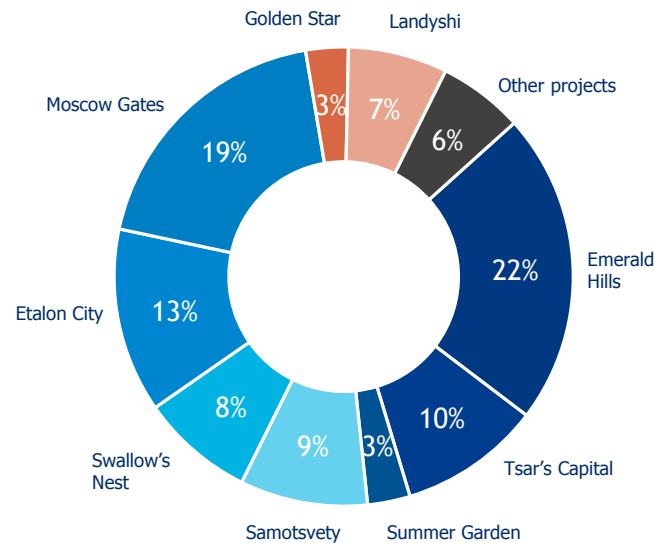
SALES PORTFOLIO



NEW CONTRACT SALES PERFORMANCE
SUPPORTED BY DIVERSIFICATION OF
PROJECT MIX

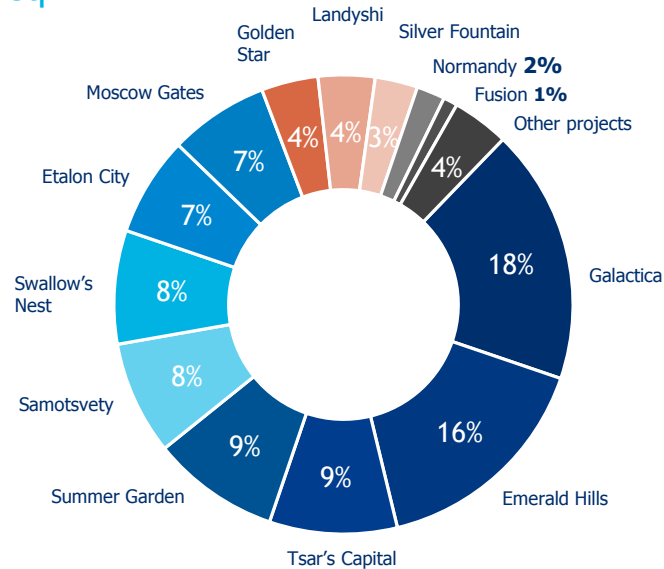
3Q 2016 NEW CONTRACT SALES BY PROJECT

sqm



3Q 2017 NEW CONTRACT SALES BY PROJECT

sqm



SIGNIFICANT SALES PORTFOLIO DIVERSIFICATION

- > Projects in prime locations account for 61% of Etalon Group's sales portfolio in 3Q 2017 vs. 44% in 3Q 2016
- > Silver Fountain launched in late August already brought 3% of new sales
- > Two more projects⁽¹⁾ are due to be launched by the end of the year
- > Share of regional sales reached 39.4%

Source:
Company data

⁽¹⁾ Including Botanica launched in October 2017

SILVER FOUNTAIN



OUR FIRST BUSINESS-CLASS PROJECT
IN THE HISTORIC PART OF MOSCOW

ABOUT THE PROJECT

Silver Fountain is Etalon Group's first high-end business-class project. The Company worked with leading architects to create a unique gated complex in the historical centre of Moscow. The design of the new buildings is inspired by historical facades, while allowing for modern layouts.

Silver Fountain is located in a prestigious central neighbourhood. It is surrounded by the green territory of Sokolniki Park and is just 15 minutes by car from the Kremlin. Unique cultural venues are situated in the vicinity, including the VDNKh park, museum and recreational centre, Ostankino Residence.

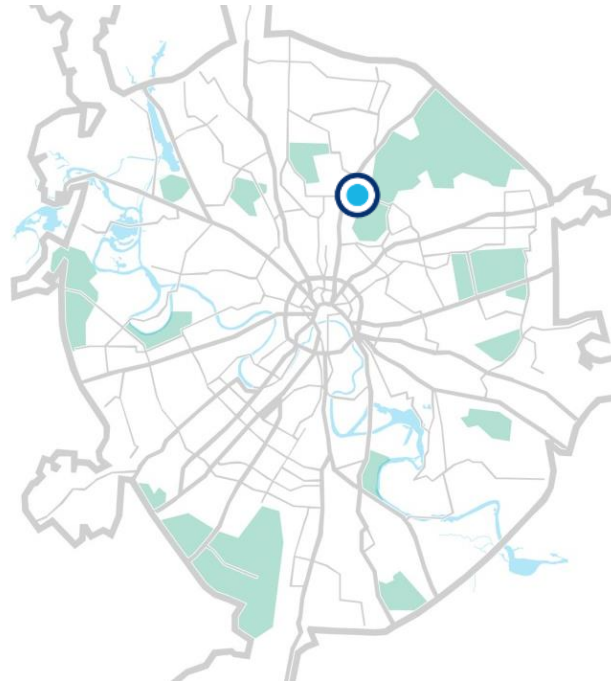
- > Spacious entrance halls in elegant design
- > Reception and waiting area
- > Ceilings of 3.25 m in height
- > Convenient underground parking
- > Comfortable green outdoor territory

Total NSA
183 ths sqm⁽¹⁾

Launched
August 2017

Open market value
RUB **9,573** mln⁽¹⁾

Income from sales
RUB **25,085** mln⁽¹⁾



VISUALISATION



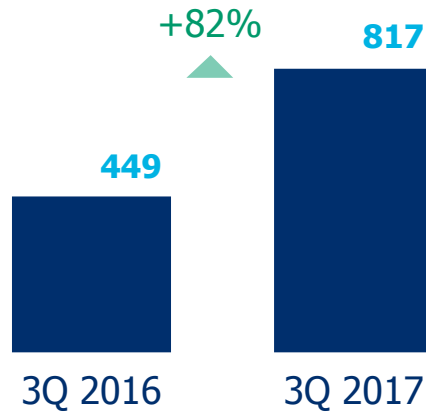
⁽¹⁾ JLL estimate as of 31.12.2016

MORTGAGE SALES



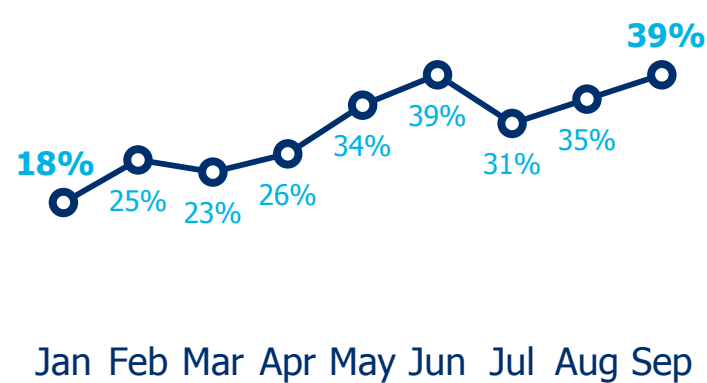
MORTGAGE RATES DECLINED TO RECORD LOW, LEADING TO RAPID GROWTH IN MORTGAGE SALES

NUMBER OF MORTGAGE CONTRACTS SIGNED



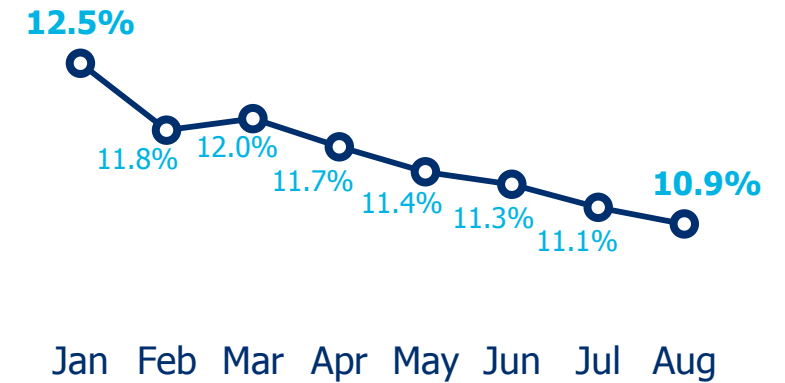
- > Etalon Group offers various mortgage programmes through major banks, including Sberbank, VTB Group, Gazprombank, Raiffeisenbank and Absolut Bank

SHARE OF MORTGAGE SALES 2017 YTD



- > 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⁾ 2017 YTD



Source:
Company data

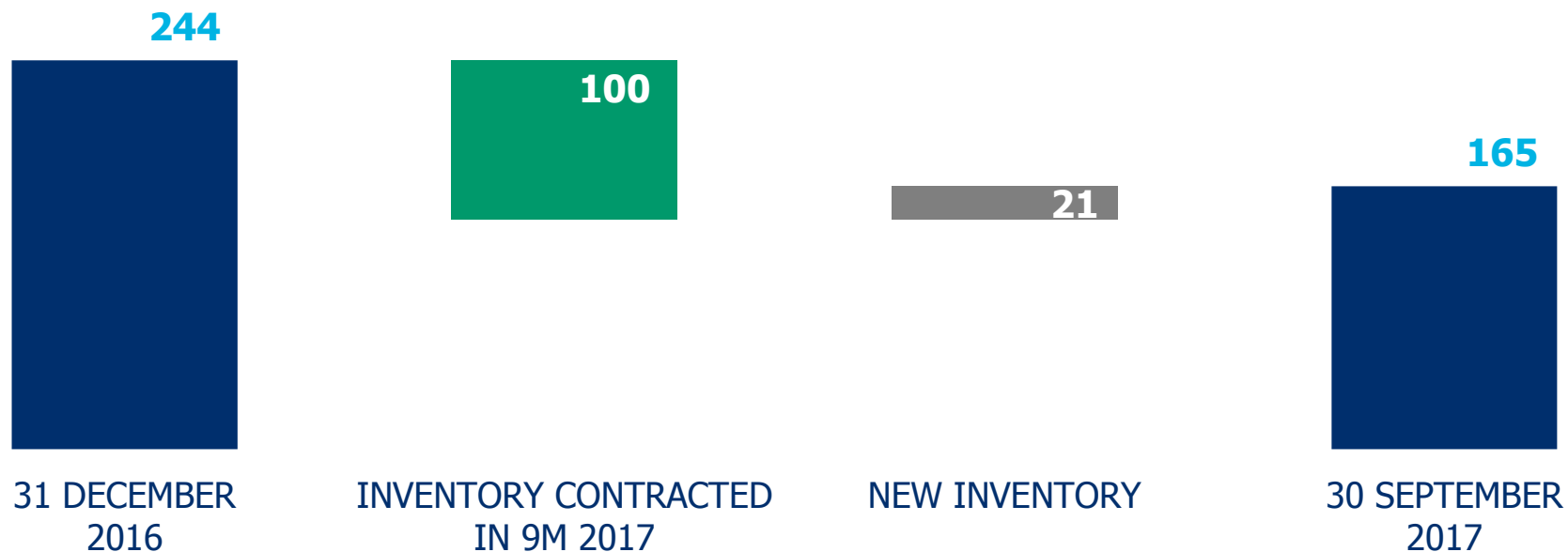
⁽¹⁾ Weighted average interest rate on mortgage loans given to Russia residents during the month for acquisition of apartments on the primary market, based on CBR data

WORKING CAPITAL



POSITIVE WORKING CAPITAL DEVELOPMENTS
ON THE BACK OF INVENTORY RELEASE

INVENTORY OF COMPLETED AND AVAILABLE-FOR-SALE APARTMENTS
ths sqm

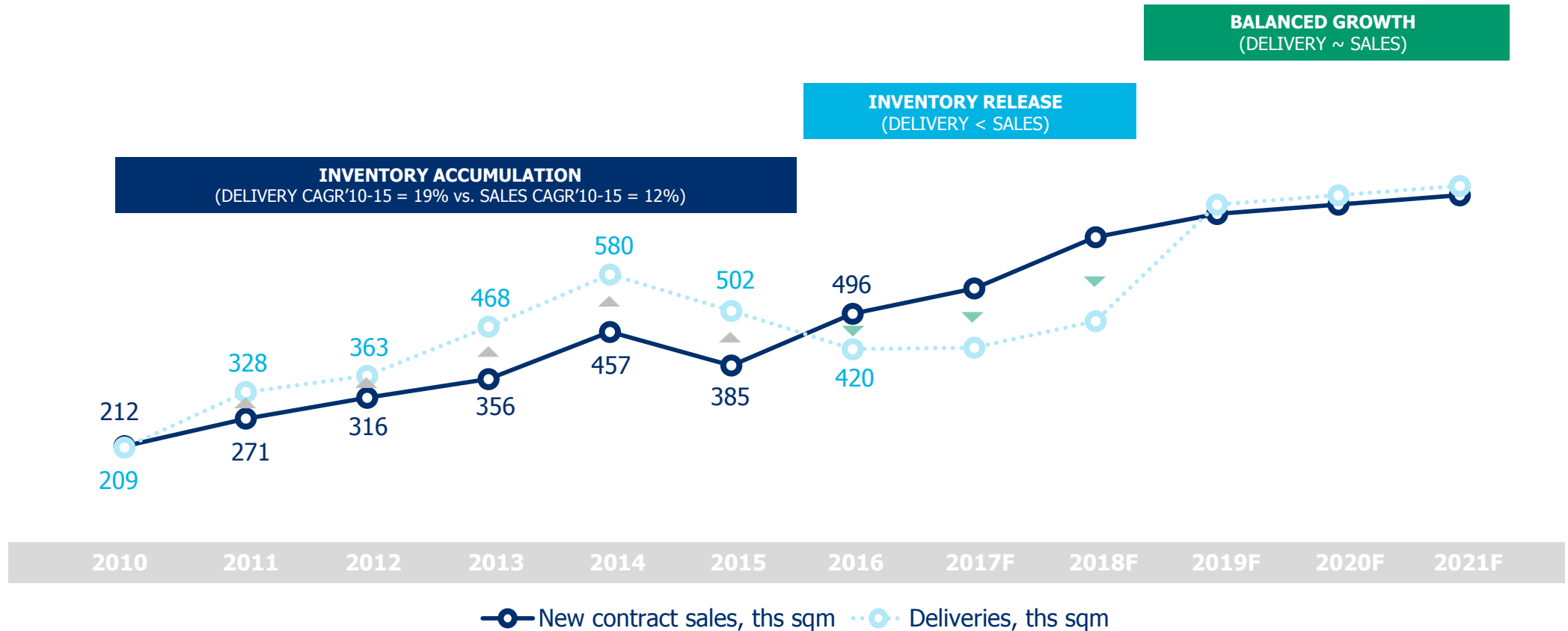


Source:
Company data

OUTLOOK FOR NEW CONTRACT SALES AND DELIVERIES



OUR STRATEGIC APPROACH WILL ENABLE
SIGNIFICANT INVENTORY RELEASE
FOLLOWED BY BALANCED GROWTH



Source:
Company data

LANDBANK



21 PROJECTS IN MOSCOW AND ST PETERSBURG

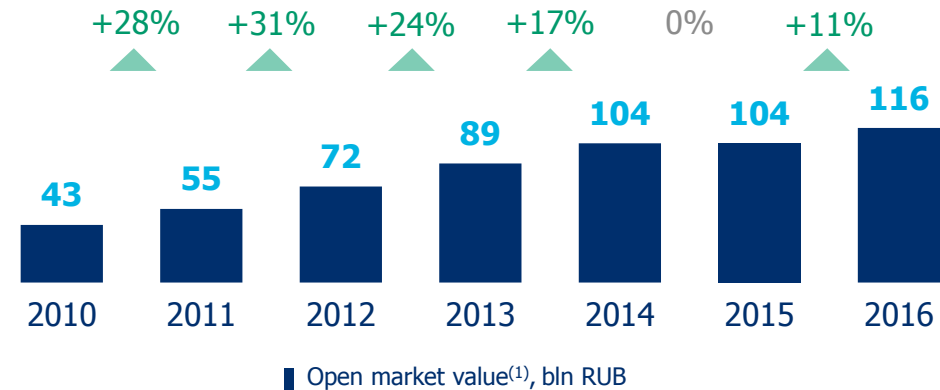


OUR IMPORTANT COMPETITIVE ADVANTAGE
IS A WELL-DIVERSIFIED PORTFOLIO OF
HIGH QUALITY PROJECTS

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

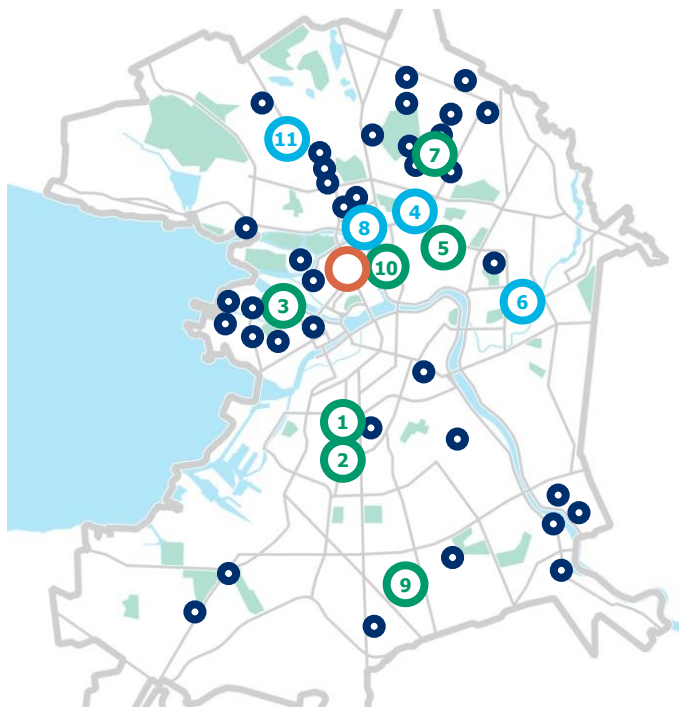
⁽¹⁾ JLL estimate as of 31.12.2016
⁽²⁾ Exchange rate as of 31.12.2016

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

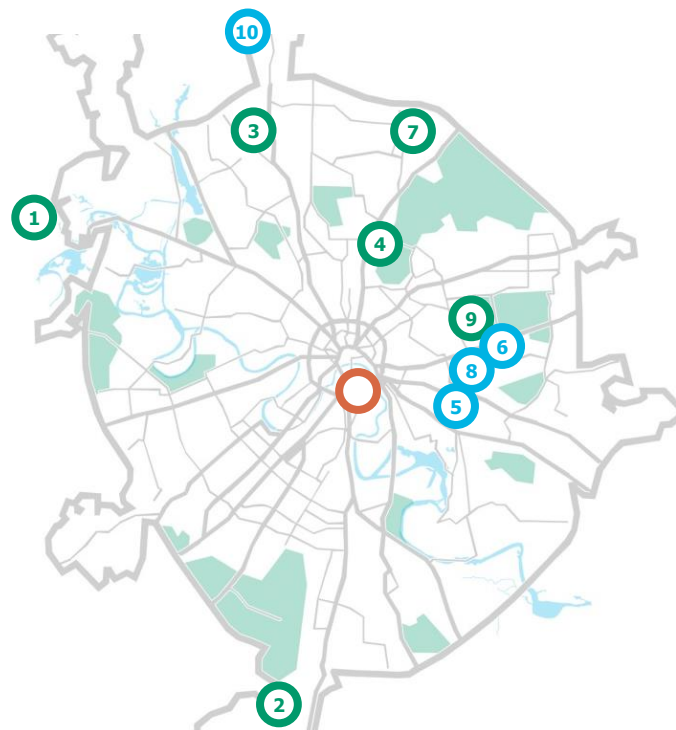
⁽⁴⁾ Moscow, New Moscow and Moscow region within 30 km from Moscow Ring Road
⁽⁵⁾ Including Silver Fountain launched in August 2017

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								
ST PETERSBURG								
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. Landyschi (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 ST PETERSBURG		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 (Alekseevskiy District)	Construction	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. Project in Dolgoprudny	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		
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

NEW PROJECTS ACQUIRED IN MMA⁽¹⁾ IN 2016

PROJECT IN THE PEROVO DISTRICT



Total NSA:
173 ths sqm
Construction
to start in 2018

The new project will include 105 ths sqm of residential area, 1,500 parking places, a pre-school, and a primary school. The land plot is located in an area with well-developed infrastructure, and is approximately 1 km from Izmaylovsky park. The project will have good transport accessibility: central Moscow can be reached in 20 minutes by car or by metro from the nearest station, Shosse Entuziastov, which is within just 10 minutes' walk.

PROJECT IN THE NIZHEGORODSKIY DISTRICT



Total NSA:
86 ths sqm
Construction
to start in 2018

The project will include 53 ths sqm of residential area, 864 parking places, as well as a pre-school and a primary school.

It is located in the Nizhegorodskiy region of the South-Eastern administrative district of Moscow. The project will have good transport accessibility: central Moscow can be reached in 15 minutes by car, and the nearest metro station, Novokhokhlovskaya, is within just 10 minutes' walk.

PROJECT IN DOLGOPRUDNY



Total NSA:
60 ths sqm
Construction
to start in 2018

The new comfort-class residential project is located in Dolgoprudny in 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.

PROJECT NEAR RYAZANSKIY PROSPEKT



Total NSA:
185 ths sqm
Construction
to start in 2018

The project will include 113 ths sqm of residential area, 1,700 parking places, a primary school, and two pre-schools. It is located 10-15 minutes' walking distance from the Nizhegorodskaya metro station, with schools, pre-schools, stores and several shopping malls in close proximity. Central Moscow is a 20-minute car ride from the development.

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

NEW PROJECTS ACQUIRED IN ST PETERSBURG IN 2016

PROJECT IN THE KALININSKIY DISTRICT



Total NSA:
96 ths sqm
Construction
to start in 2017

The project will comprise a 12-storey residential complex 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 within walking distance of two metro stations and four kilometres from central St Petersburg, in an area with well-developed infrastructure.

HOUSE ON KOSMONAVTOV PROSPEKT



Total NSA:
26 ths sqm
Construction
started in
December 2016

Located in the Moskovskiy district of St Petersburg, the project comprises a 25-storey building with 312 apartments, underground parking and a pre-school for 50 children.

It is 10-minutes' walk from the Zvezdnaya metro station and has access to major roads, including Moskovskiy prospekt, Vitebskiy prospekt and Prospekt Kosmonavtov. The complex is situated close to a number of stores, educational, and sports facilities, as well as to Pulkovskiy park.

HOUSE ON OBRUCHEVYKH STREET



Total NSA:
42 ths sqm
Construction
started in
August 2016

The project is located in the Kalininskiy district of St Petersburg and will include a 20-storey residential building containing 765 flats, a parking garage, and a pre-school for 80 children.

The land plot is located near the Polytekhnicheskaya and Akademicheskaya metro stations in a well-developed district. The Sosnovka and Polytechnic University parks are both located in close proximity to the development.

FUSION

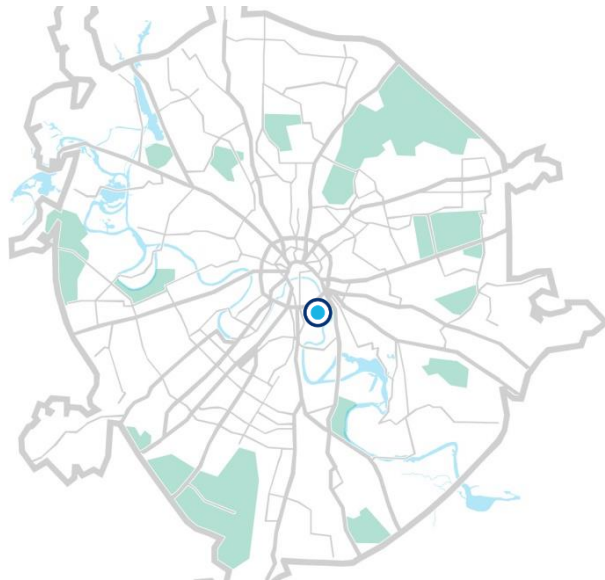


Total NSA:
14 ths sqm
Construction
started in
April 2017

The project will comprise a 9-storey building with 110 apartments, an 83-place parking garage, and a pre-school. The site is located near the historic centre of St Petersburg and the Neva embankment, on a quiet side street on the border of the Vyborgskiy and Petrogradskiy districts. Grenaderskiy Garden and Sampsonievskiy Garden are just around the corner. The Vyborgskaya metro station is within 5-minutes' walk.

NEW PROJECT ACQUIRED IN MOSCOW IN 2017

PROJECT ON LETNIKOVSKAYA STREET Central administrative district of Moscow



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 from the project, and Paveletskiy railway station is located at the northern end of Letnikovskaya street.



Total NSA
75 ths sqm⁽¹⁾

Planned launch
2018

Income from sales
RUB **15.8** bln⁽¹⁾

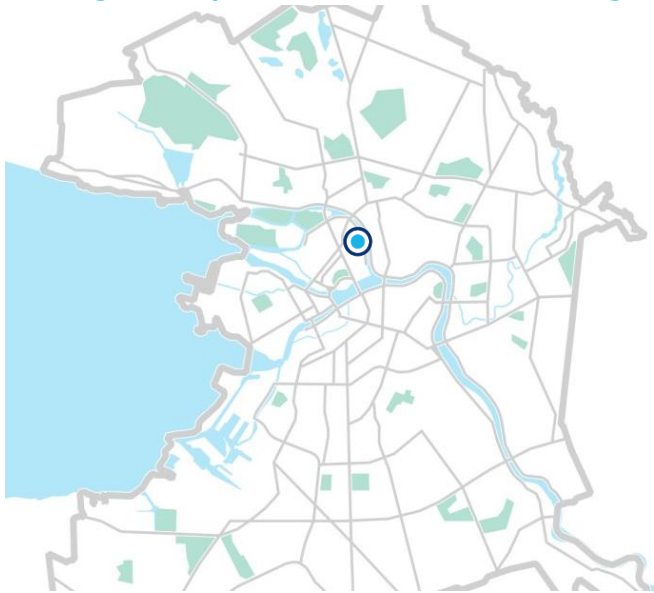
Source:
Company data

⁽¹⁾ Based on management estimates

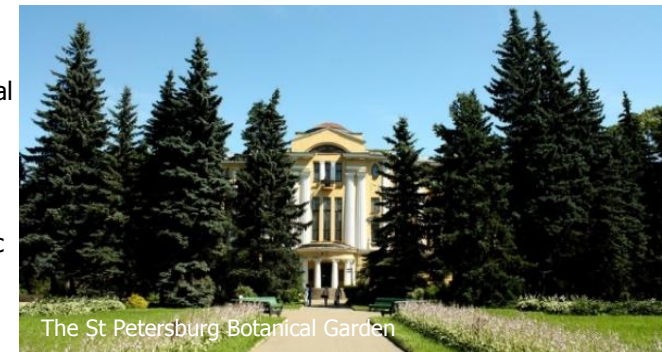
NEW PROJECT ACQUIRED IN ST PETERSBURG IN 2017

BOTANICA

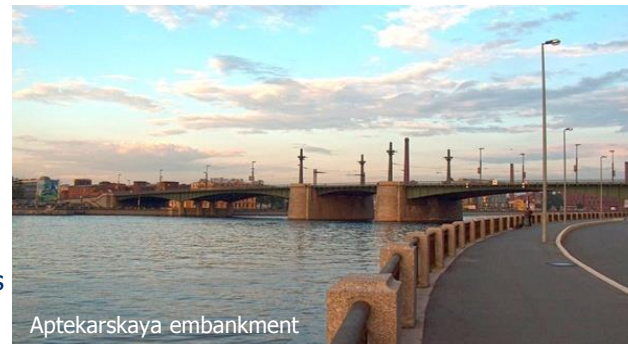
Petrogradskiy district of St Petersburg



This new business-class project is situated on Aptekarskiy prospekt in the prestigious Petrogradskiy district of St Petersburg. This is a well-established central neighbourhood, with extensive residential, business and entertainment infrastructure, as well as cultural sites, all located nearby. 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.



The St Petersburg Botanical Garden



Aptekarskaya embankment



A-class business centre Lukoil City

Total NSA
47 ths sqm⁽¹⁾ / Launched
October 2017 / Income from sales
RUB **6.2** bln⁽¹⁾

Source:
Company data

⁽¹⁾ Based on management estimates

NEXT STEPS TO SUPPORT BUSINESS GROWTH



WE HAVE STRICT RULES FOR ACQUISITION OF NEW PROJECTS TO ENSURE FURTHER SUCCESSFUL DEVELOPMENT OF OUR LANDBANK

ACQUISITION CRITERIA

QUANTITATIVE:

- > Size
 - Large-scale (>300 ths sqm) and medium-sized (30 - 300 ths sqm) projects
- > Return
 - Target IRR exceeds 15%

QUALITATIVE:

- > Focus segments
 - Upper-economy
 - Comfort
 - Business
- > Location
 - Prime locations and outskirts with well-developed public transport access and social infrastructure

ACQUISITION PLAN

Planned purchase of over 400 ths sqm in 2017⁽¹⁾

Over 1,400 ths sqm of total NSA due to be purchased in the next 2 years

NON-ORGANIC GROWTH OPPORTUNITIES

Value creation and further strengthening of market position through M&A with companies that meet the following criteria:

- > Focus on the same regions and segments
- > Complementary portfolio and value chain
- > Considerable operating synergies due to elimination of duplicate functions and monetisation of sales network
- > Attractive profitability across project portfolio and significant return on investments

⁽¹⁾ Including projects on Letnikovskaya street in Moscow and Botanica in St Petersburg

PRINCIPLES FOR LONG-TERM BUSINESS EXPANSION

OUR CORE MARKETS OFFER REMARKABLE POTENTIAL FOR GROWTH, BUT WE RECOGNISE THE NATURAL LIMITATION FOR EFFICIENT GROWTH IN OUR CORE MARKETS, AND WE WILL ANALYSE OTHER SEGMENTS/ GEOGRAPHIES FOR FURTHER BUSINESS EXPANSION

EXPANSION RATIONALE

- Limitations to organic growth while maintaining profitability

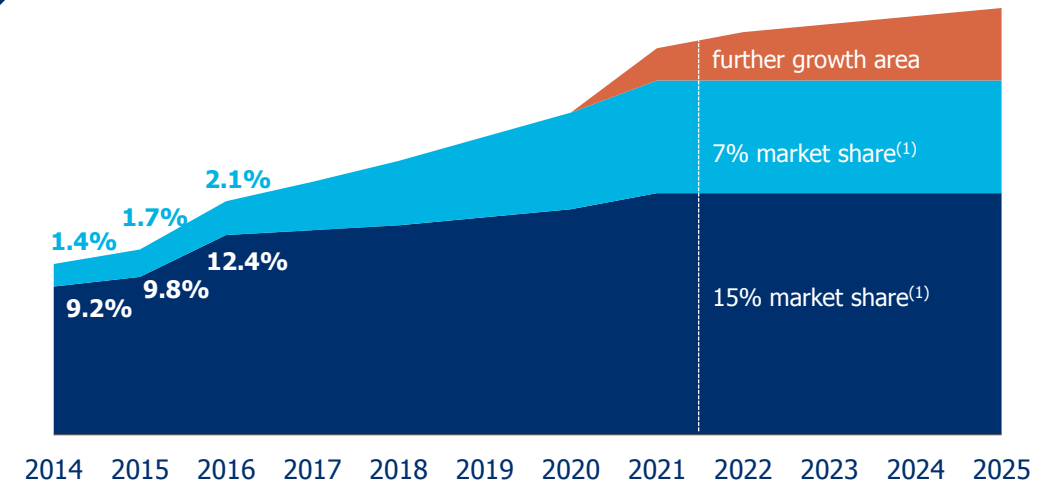
FOCUS

- Russian cities with populations over 1 mln and/or foreign markets with high growth potential

CRITERIA

- The same return on invested capital as for the existing markets of St Petersburg and Moscow metropolitan area⁽²⁾
- Market entry through JV with a strong local player or buying a company with strong expertise and high-quality portfolio

■ St Petersburg
■ Moscow⁽²⁾
■ New segments/regions



⁽¹⁾ As share of new contracts in sqm during the period

⁽²⁾ Moscow, New Moscow and Moscow region within 30 km from Moscow Ring Road

FINANCIAL RESULTS

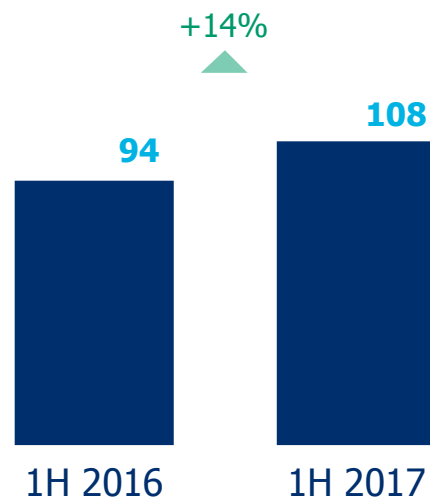


1H 2017 RESIDENTIAL DEVELOPMENT SEGMENT ANALYSIS

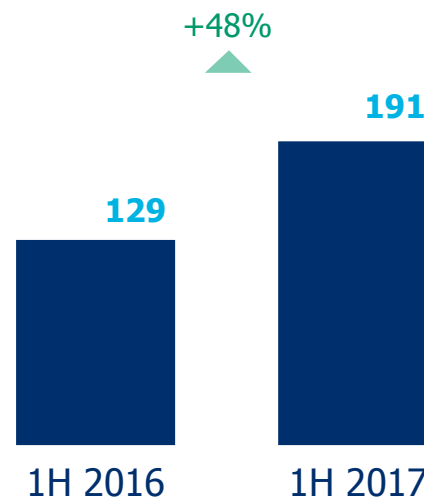


GROWTH IN DELIVERIES COUPLED WITH SALES OF COMPLETED REAL ESTATE ENABLED STRONG REVENUE RECOGNITION

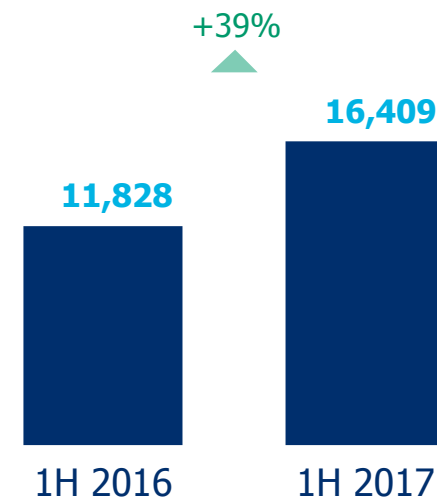
DELIVERIES
ths sqm



TRANSFERS
ths sqm



RESIDENTIAL REAL ESTATE
DEVELOPMENT REVENUE
mln RUB



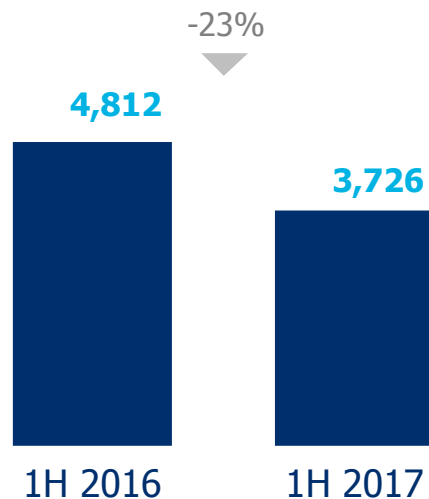
Source:
Company data, IFRS financial statements

1H 2017 REVENUE ANALYSIS

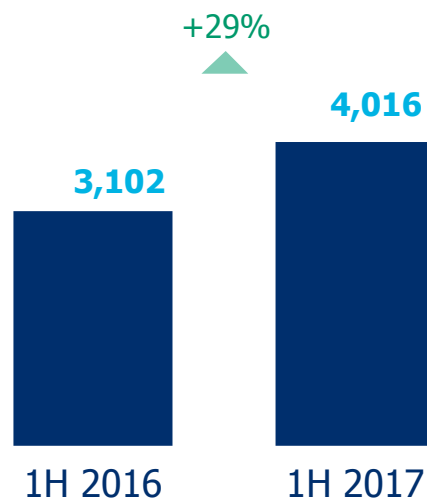


CONSOLIDATED REVENUE INCREASED
BY 22% Y-O-Y TO RUB 24.2 BLN

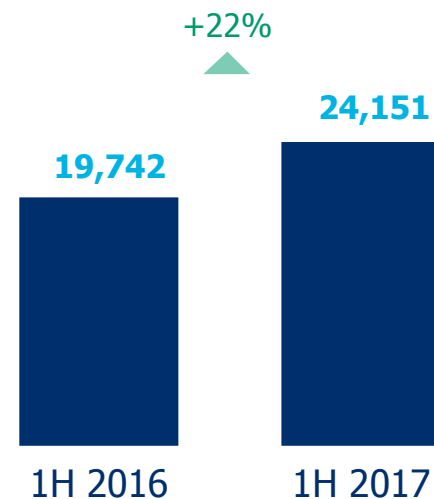
CONSTRUCTION SERVICES
REVENUE FROM THIRD PARTIES
mln RUB



OTHER REVENUE EXTERNAL⁽¹⁾
mln RUB



TOTAL REVENUE
mln RUB



Source:
IFRS financial statements

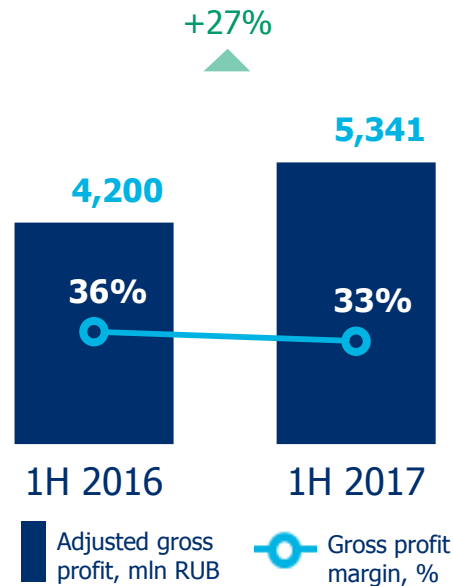
⁽¹⁾ Including revenue from selling construction materials, maintenance services, etc.

PROFITABILITY ANALYSIS

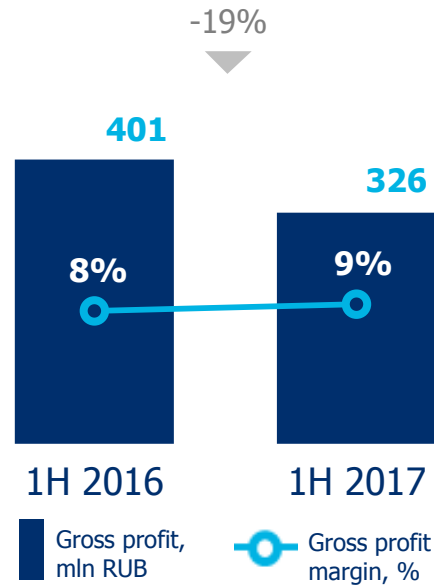


HEALTHY PROFITABILITY LEVELS
MAINTAINED

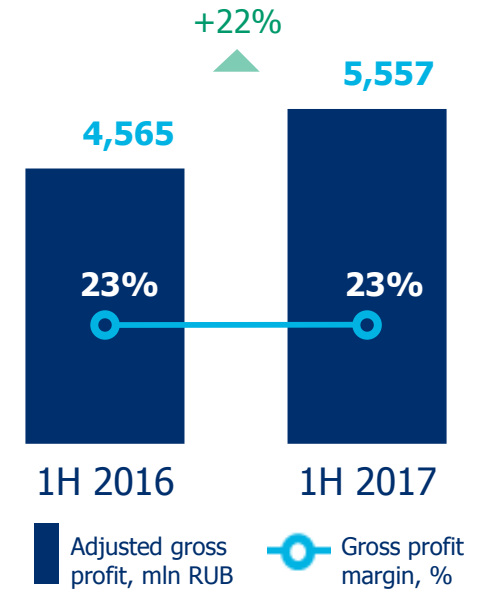
RESIDENTIAL REAL ESTATE DEVELOPMENT ADJUSTED GROSS PROFIT⁽¹⁾



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

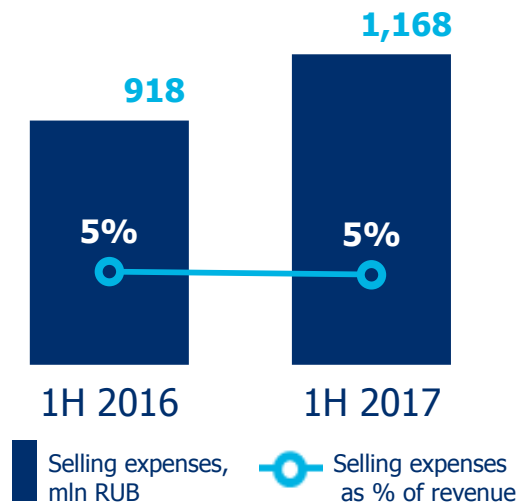


STRICT COST CONTROLS KEPT SG&A
AND OTHER EXPENSES NEARLY FLAT

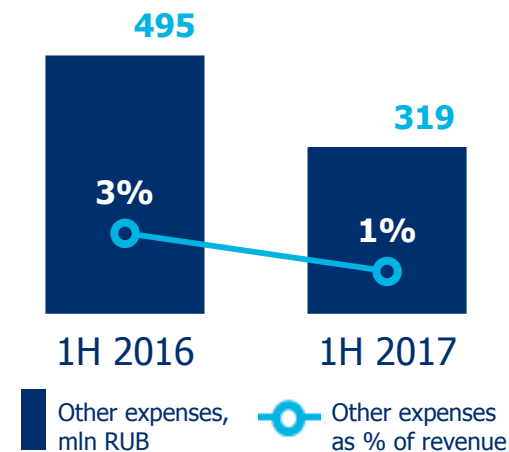
GENERAL AND ADMINISTRATIVE EXPENSES



SELLING EXPENSES



OTHER EXPENSES



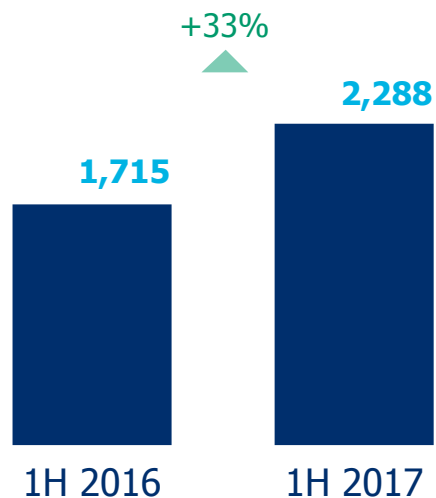
Source:
IFRS financial statements

EBITDA AND NET INCOME ANALYSIS

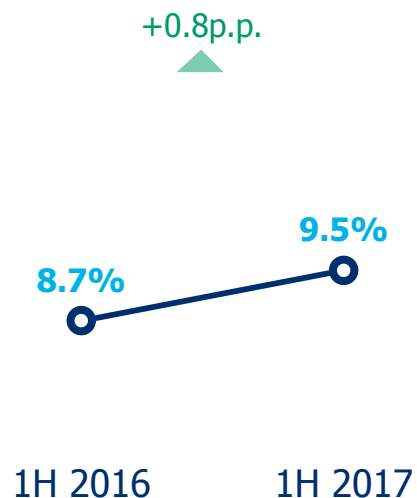


EBITDA INCREASED BY 33% Y-O-Y,
WITH EBITDA MARGIN UP BY 80 BPS

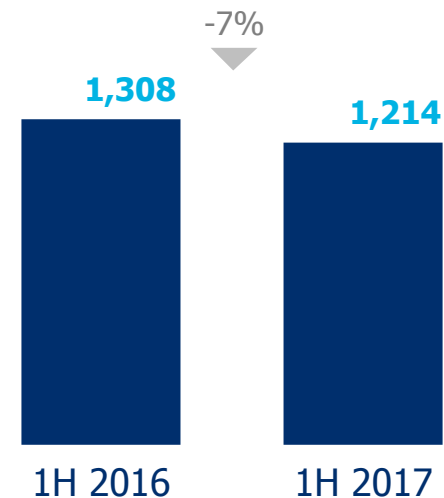
EBITDA
mln RUB



EBITDA MARGIN
%



NET INCOME
mln RUB



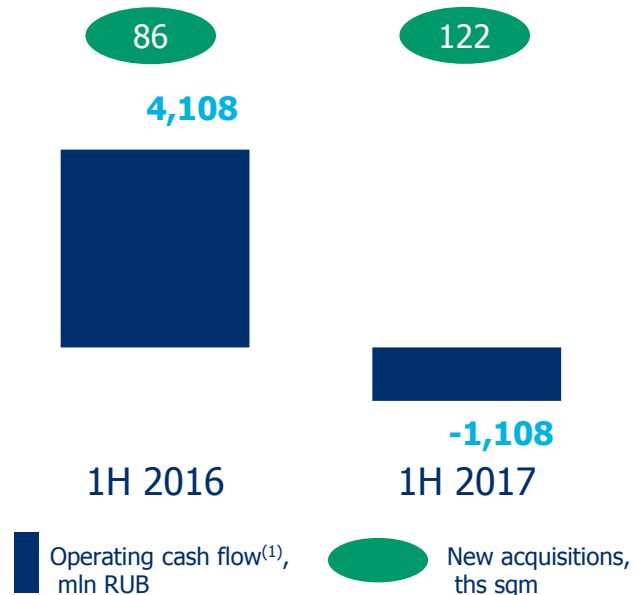
Source:
IFRS financial statements

OPERATING CASH FLOW ANALYSIS



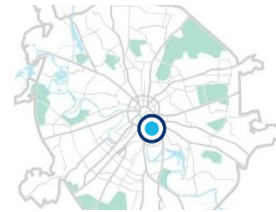
SLIGHTLY NEGATIVE CASH FLOW IN 1H 2017
DUE TO ACQUISITION OF TWO HIGH-END
PROJECTS IN MOSCOW AND ST PETERSBURG

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⁾
 Launched: October 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.

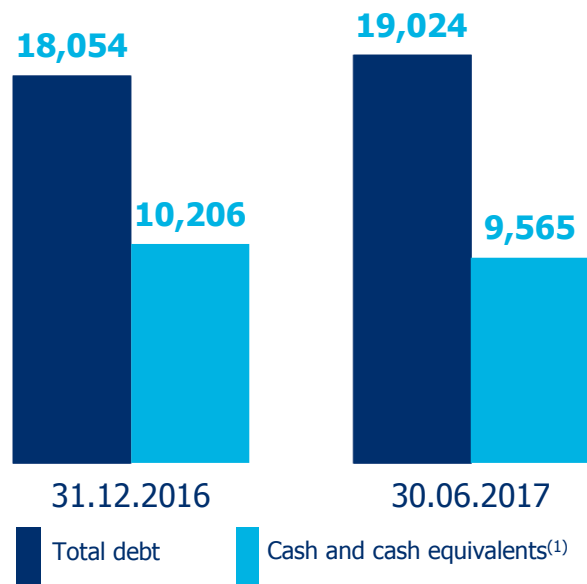
Source:
IFRS financial statements

⁽¹⁾ Operating cash flow
less interest paid

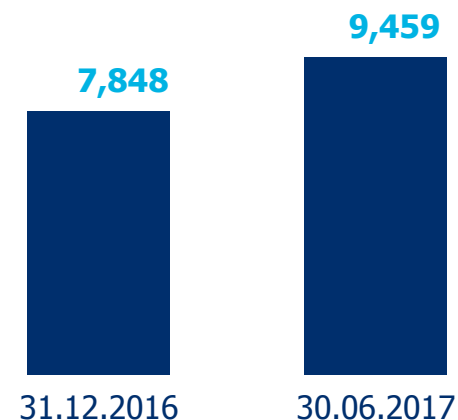
⁽²⁾ Based on management
estimates

MAINTAINING STRONG BALANCE SHEET

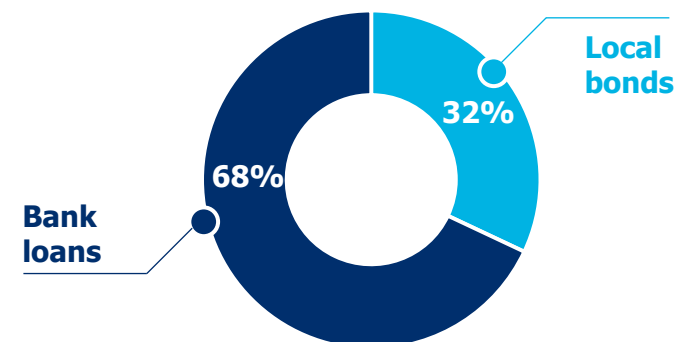
STRONG LIQUIDITY POSITION UNCHANGED mln RUB



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

NEW MOTIVATION POLICY



NEW MOTIVATION PROGRAMME

ETALON GROUP'S NEW MOTIVATION POLICY AIMS TO:

1

Encourage development breakthroughs in accordance with Etalon Group's new strategy

3

Align interests of shareholders and management through long-term GDR based incentive programme tied to net profit and market capitalisation, and will be a key part of overall top management remuneration packages

2

Shift focus from operating to financial KPIs (net income, dividends and market capitalisation)

4

Strengthen motivation to achieve targets by decreasing fixed part and increasing variable part tied to KPIs

TOP MANAGEMENT KPIs



BALANCED REMUNERATION
SYSTEM WITH A FOCUS ON
FINANCIAL PERFORMANCE

KPI WEIGHTING

GDR PRICE GROWTH

NET PROFIT

DIVIDEND PAYMENTS

CASH COLLECTIONS

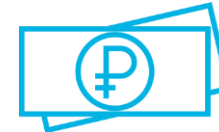
DELIVERIES

FORM OF REMUNERATION

PAYMENTS IN GDRs
WITH VESTING
PERIOD



PAYMENTS
IN CASH



SELECTED PROJECTS



OCTOBER 2017

DECEMBER 2016



Total NSA
841 ths sqm

Open Market Value⁽¹⁾
RUB 15,174 mln

Income from sales⁽¹⁾
RUB 69,618 mln

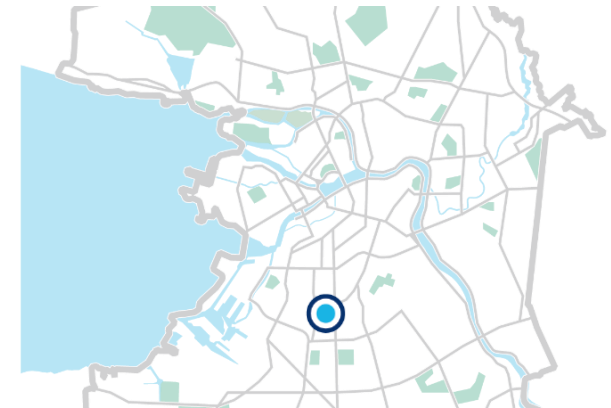
St Petersburg

⁽¹⁾JLL estimate as of 31.12.2016

MOSCOW GATES

OCTOBER 2017

DECEMBER 2016



Total NSA
235 ths sqm

Open Market Value⁽¹⁾
RUB 8,004 mln

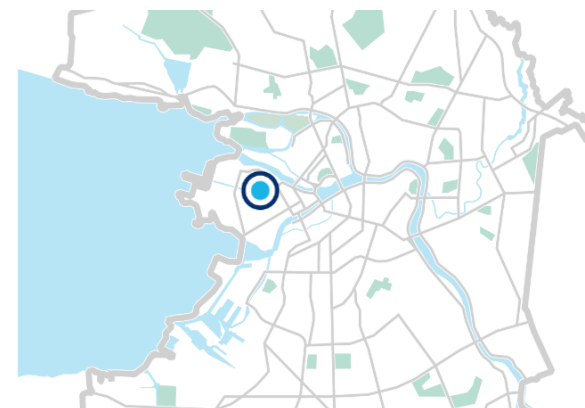
Income from sales⁽¹⁾
RUB 21,642 mln

St Petersburg

⁽¹⁾JLL estimate as of 31.12.2016

OCTOBER 2017

DECEMBER 2016



Total NSA
213 ths sqm

Open Market Value⁽¹⁾
RUB 5,903 mln

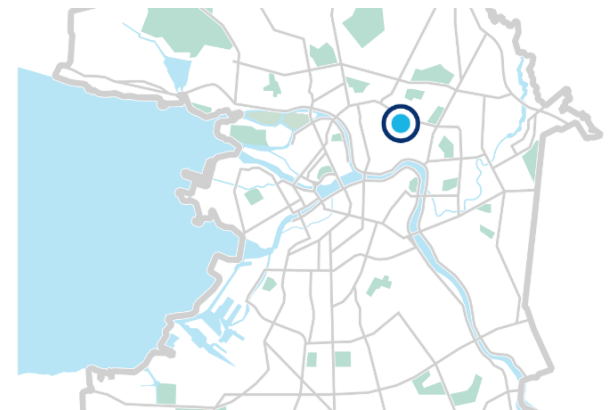
Income from sales⁽¹⁾
RUB 18,252 mln

St Petersburg

⁽¹⁾JLL estimate as of 31.12.2016

OCTOBER 2017

DECEMBER 2016



Total NSA
92 ths sqm

Open Market Value⁽¹⁾
RUB 1,806 mln

Income from sales⁽¹⁾
RUB 7,551 mln

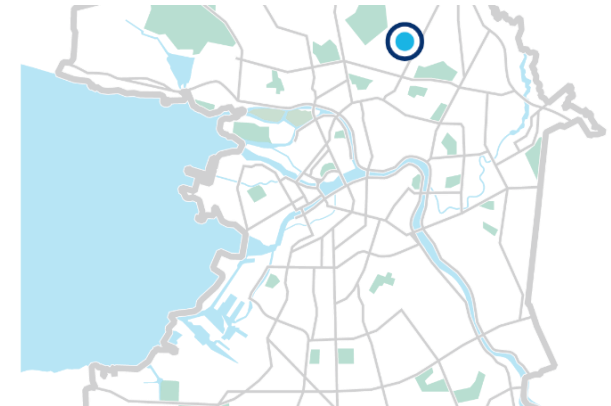
St Petersburg

⁽¹⁾JLL estimate as of 31.12.2016

HOUSE ON OBRUCHEVYKH STREET

OCTOBER 2017

DECEMBER 2016



Total NSA
42 ths sqm

Open Market Value⁽¹⁾
RUB 1,949 mln

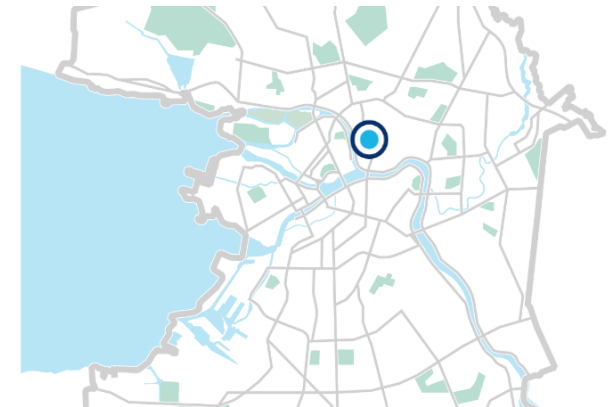
Income from sales⁽¹⁾
RUB 5,153 mln

St Petersburg

⁽¹⁾JLL estimate as of 31.12.2016

OCTOBER 2017

VISUALISATION



Total NSA
14 ths sqm

Open Market Value⁽¹⁾
RUB 719 mln

Income from sales⁽¹⁾
RUB 1,800 mln

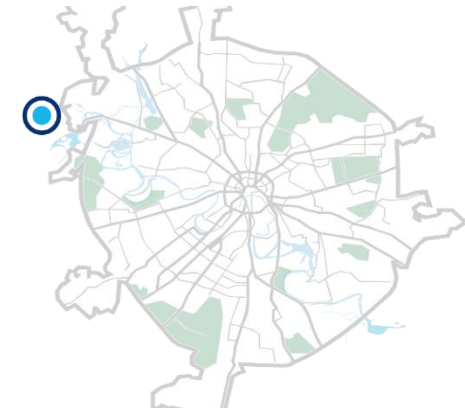
St Petersburg

⁽¹⁾JLL estimate as of 31.12.2016

EMERALD HILLS

OCTOBER 2017

DECEMBER 2016



Total NSA
856 ths sqm

Open Market Value⁽¹⁾
RUB 18,415 mln

Income from sales⁽¹⁾
RUB 65,149 mln

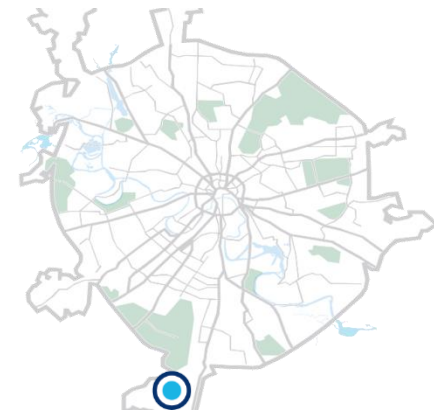
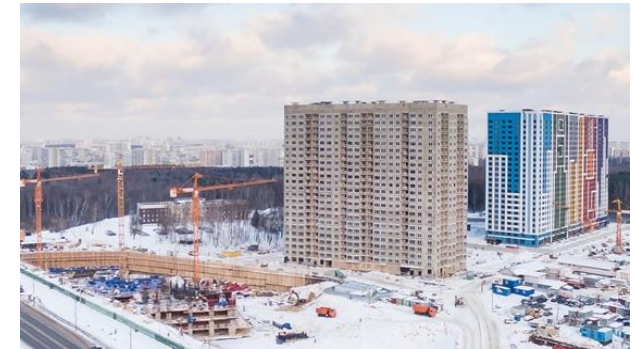
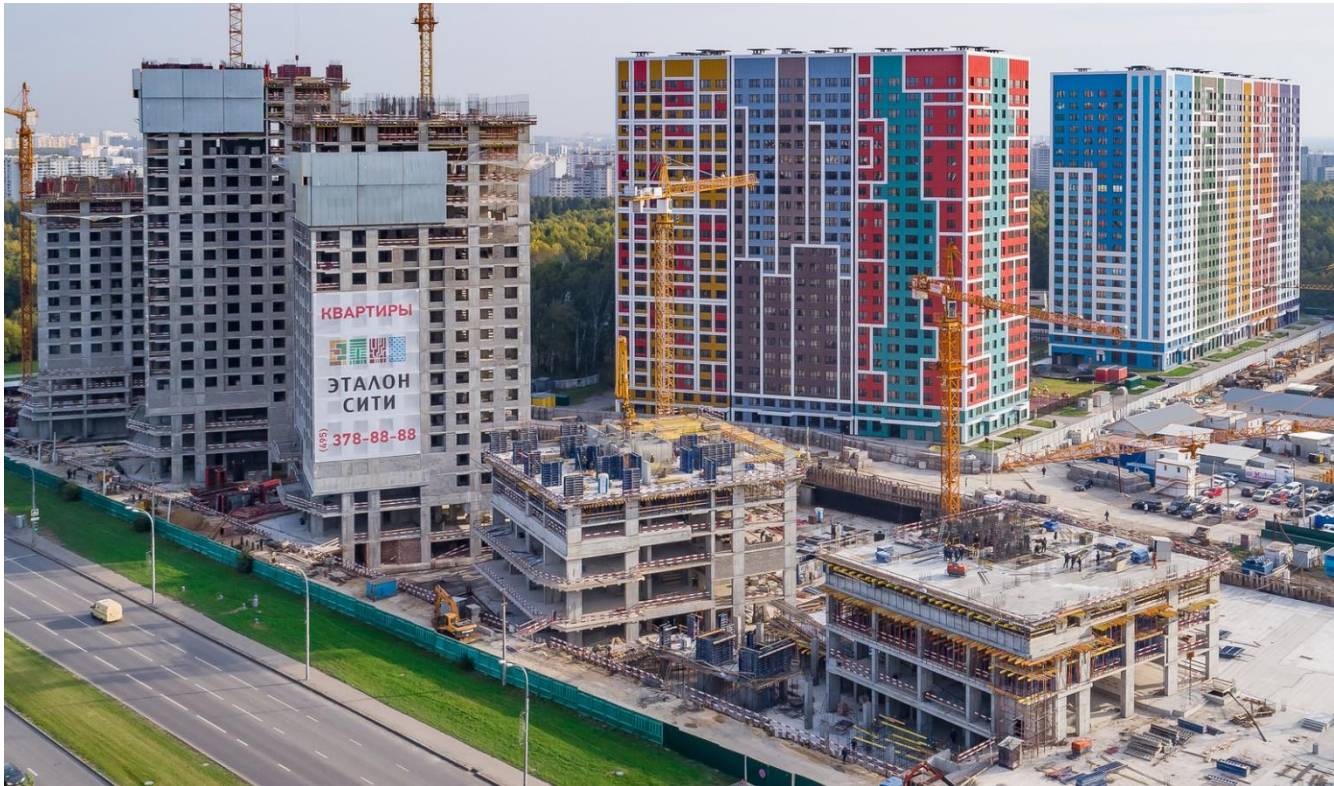
Moscow region

⁽¹⁾JLL estimate as of 31.12.2016

ETALON CITY

OCTOBER 2017

DECEMBER 2016



Total NSA
365 ths sqm

Open Market Value⁽¹⁾
RUB 7,512 mln

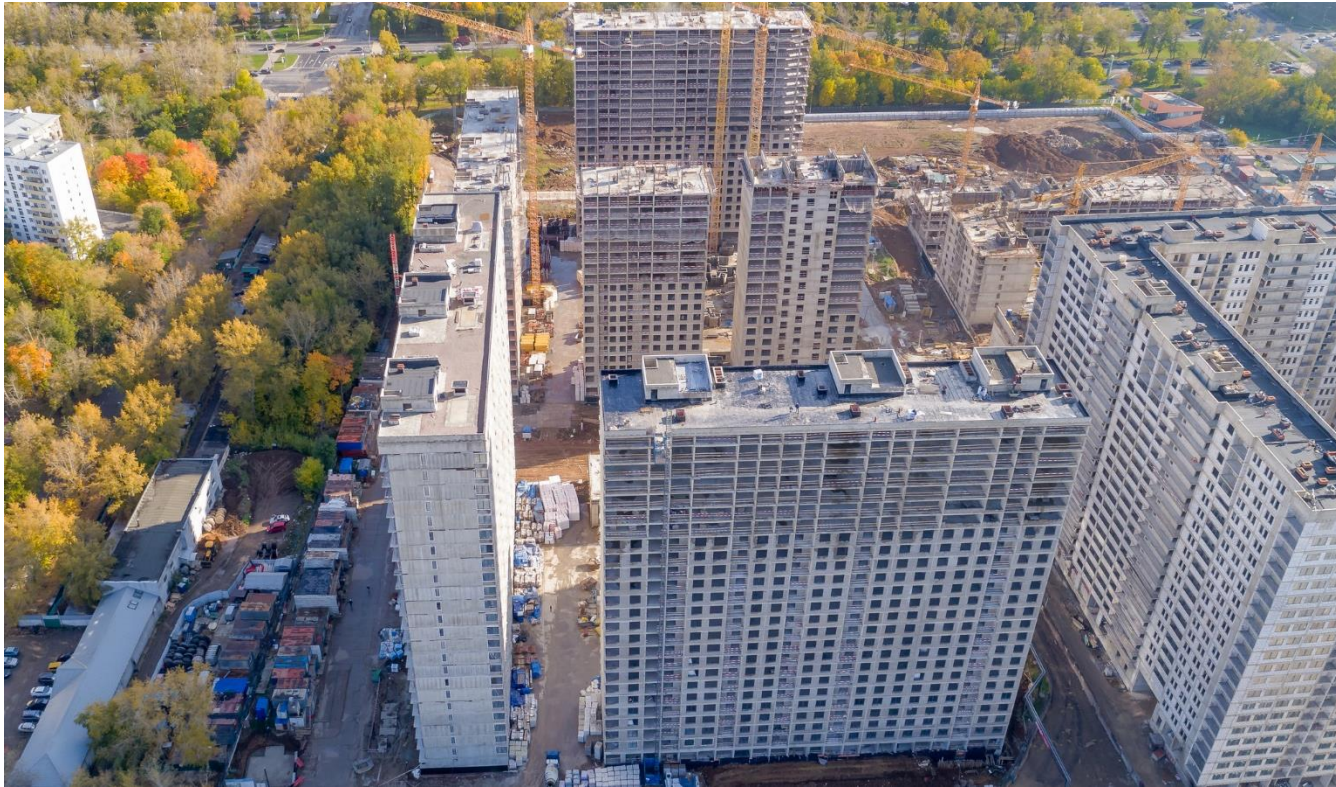
Income from sales⁽¹⁾
RUB 27,827 mln

Moscow

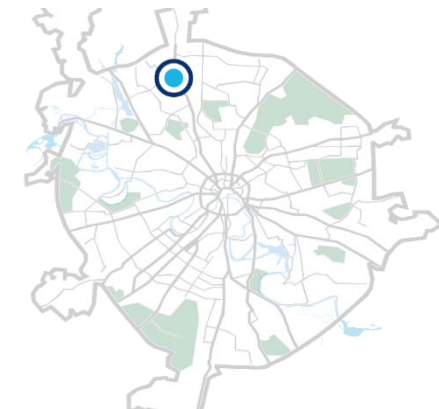
⁽¹⁾JLL estimate as of 31.12.2016

SUMMER GARDEN

OCTOBER 2017



DECEMBER 2016



Total NSA
283 ths sqm

Open Market Value⁽¹⁾
RUB 6,880 mln

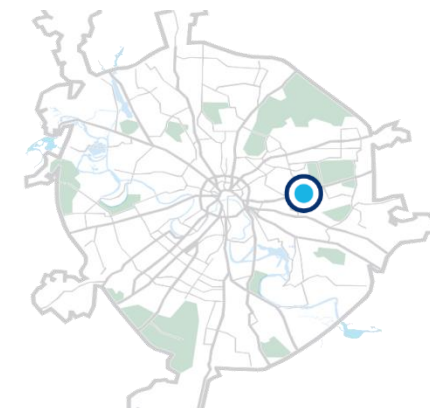
Income from sales⁽¹⁾
RUB 29,328 mln

Moscow

⁽¹⁾JLL estimate as of 31.12.2016

OCTOBER 2017

DECEMBER 2016



Total NSA
85 ths sqm

Open Market Value⁽¹⁾
RUB 3,005 mln

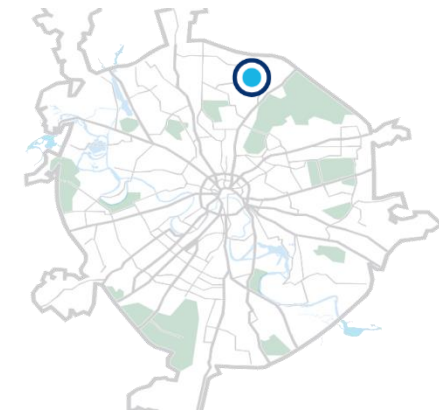
Income from sales⁽¹⁾
RUB 10,054 mln

Moscow

⁽¹⁾JLL estimate as of 31.12.2016

OCTOBER 2017

VISUALISATION



Total NSA
92 ths sqm

Open Market Value⁽¹⁾
RUB 3,727 mln

Income from sales⁽¹⁾
RUB 10,221 mln

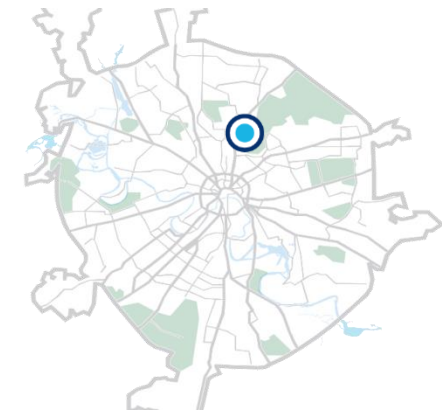
Moscow

⁽¹⁾JLL estimate as of 31.12.2016

SILVER FOUNTAIN

OCTOBER 2017

VISUALISATION



Total NSA
183 ths sqm

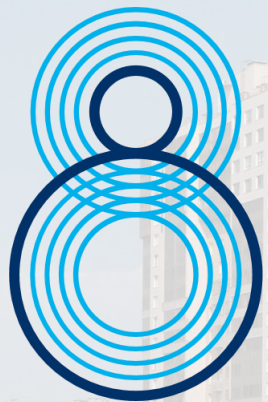
Open Market Value⁽¹⁾
RUB 9,573 mln

Income from sales⁽¹⁾
RUB 25,085 mln

Moscow

⁽¹⁾JLL estimate as of 31.12.2016

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

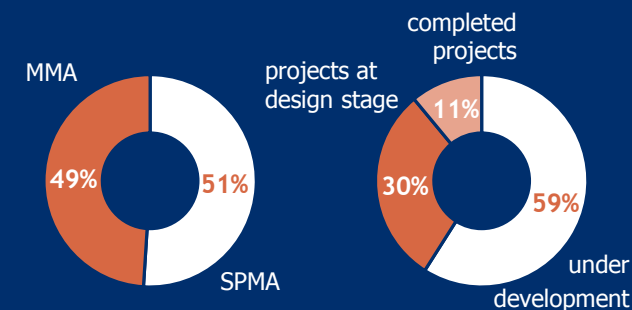
- > Secure liquidity position supported by pre-sales cash collections model
- > Low leverage: 1.2x net debt / LTM EBITDA⁽³⁾
- > Credit rating by S&P: B+/B⁽⁴⁾

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	3.39 (01.12.2017)
Market Capitalisation	USD 991 mln
Portfolio valuation (by JLL) ⁽²⁾	RUB 115,818 mln (31.12.2016)

PORTFOLIO COMPOSITION⁽²⁾



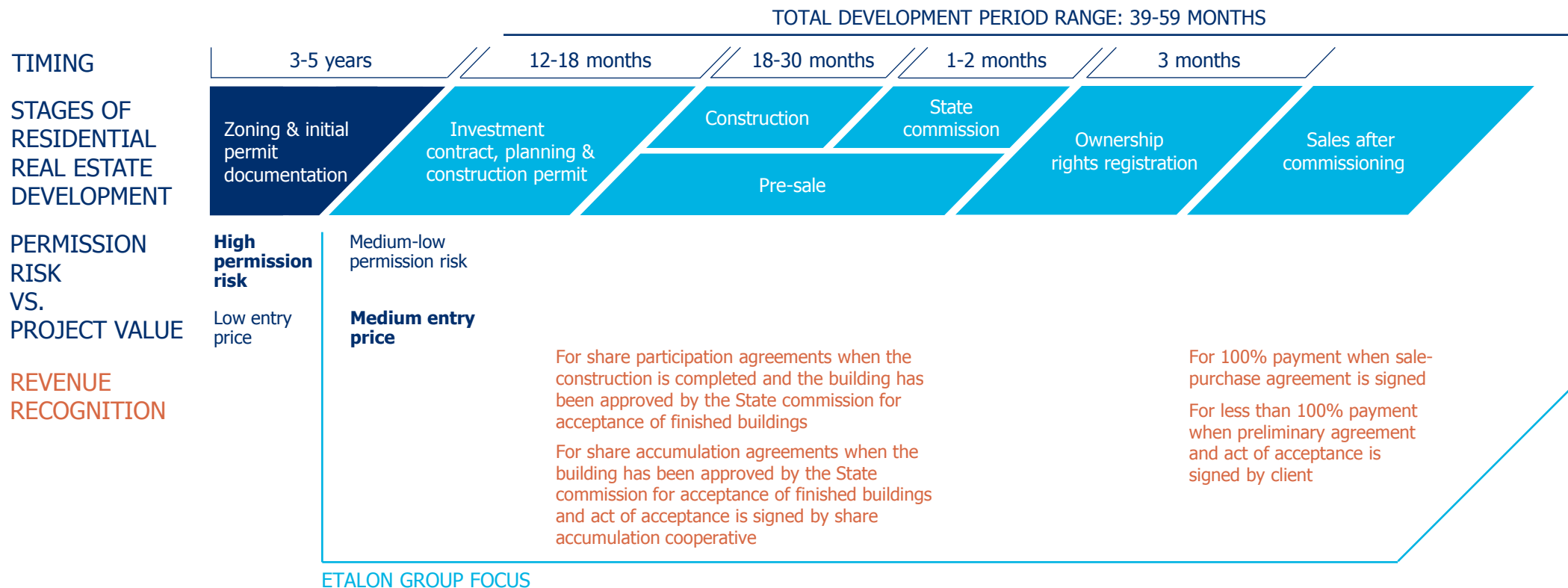
⁽¹⁾ Company operating results

⁽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)

RESIDENTIAL DEVELOPMENT SCHEME

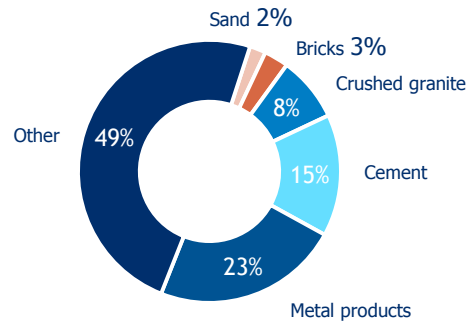


Source:
Company data

TYPICAL PROJECT COST STRUCTURE

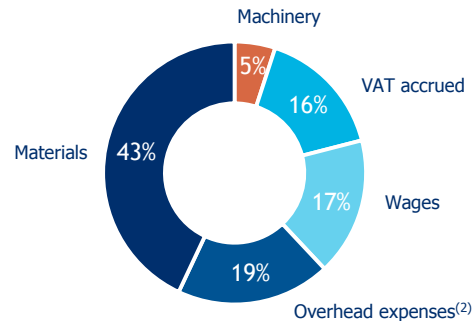
MATERIALS COST STRUCTURE⁽¹⁾

RUB 12,000 – 18,000 per sqm of NSA



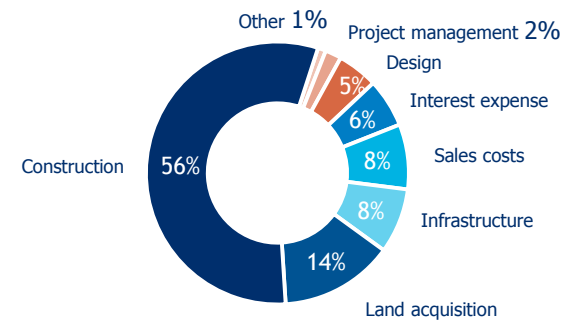
CONSTRUCTION COST STRUCTURE⁽¹⁾

RUB 29,000 – 39,000 per sqm of NSA



TOTAL COST STRUCTURE⁽¹⁾

RUB 59,000 – 72,000 per sqm of NSA

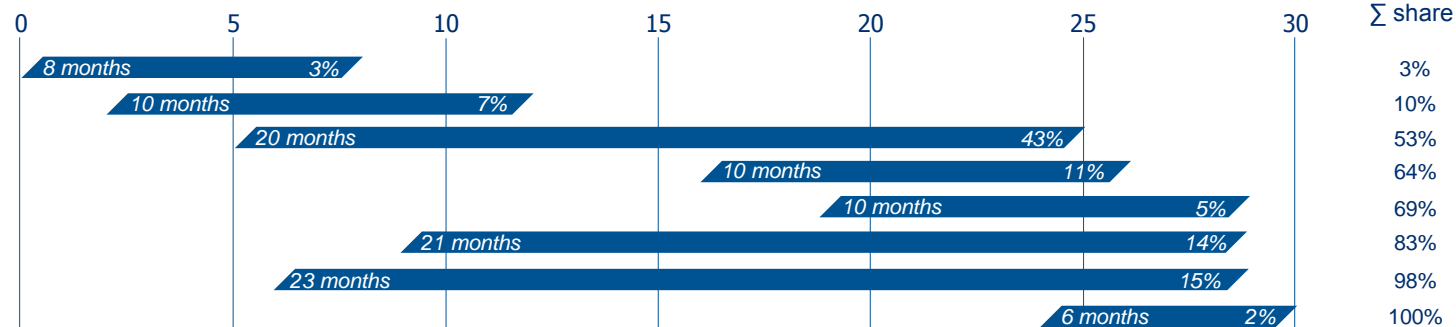


TYPICAL PROJECT LIFECYCLE

CONSTRUCTION TIMELINE, MONTHS

CONSTRUCTION STAGE

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



⁽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

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	434	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	7,812	(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)	478	(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	7,812	(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)	1,086	(4,684)	(1,310)	2,657	(1,569)	(2,122)

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



WOOD'S EMERGING
EUROPE CONFERENCE

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