



ETALON

1H 2023

# FINANCIAL RESULTS

August 2023



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# FINANCIAL RESULTS: KEY TAKEAWAYS

1

SOLID REVENUE  
PERFORMANCE

32.8 bln  
RUB

REVENUE ON PAR WITH 1H2022  
LEVELS, EVEN DESPITE THE HISTORIC  
DROP IN CONSUMER CONFIDENCE

2

HIGH PRE-PPA  
GROSS MARGIN

▲ 3 p.p.

36%

ETALON MAINTAINS PRE-PPA GROSS  
MARGIN LEVEL WELL ABOVE THE  
TARGET 35%

3

RESIDENTIAL  
DEVELOPMENT  
MARGINS

▲ 5 p.p.

40%

PRE-PPA GROSS MARGIN IN THE  
RESIDENTIAL DEVELOPMENT  
SEGMENT REACHED 40%

4

STRONG PRE-PPA  
LTM EBITDA  
GROWTH

▲ +20%

19.5 bln  
RUB

PRE-PPA LTM EBITDA IN 1H 2023, WITH  
MARGIN AT 24% (UP BY 4 P.P. YEAR-ON-  
YEAR)

5

COMFORTABLE  
FINANCIAL  
POSITION

0.7x

NET CORPORATE DEBT TO PRE-  
PPA EBITDA WITHIN 1X AND WELL  
BELOW THE TARGET 2-3X



# FINANCIAL RESULTS

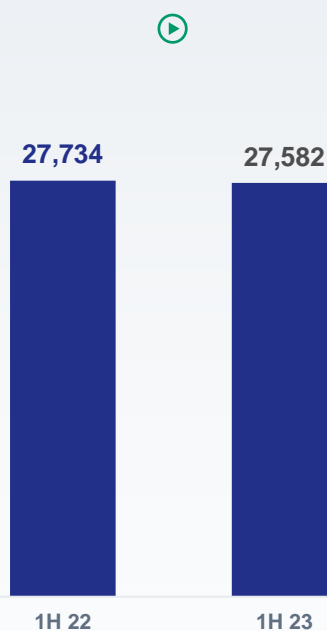


# REVENUE REMAINS ALMOST UNCHANGED Y-O-Y DESPITE THE DROP IN CONSUMER CONFIDENCE

CONSOLIDATED  
REVENUE  
RUB mln



RESIDENTIAL DEVELOPMENT  
REVENUE  
RUB mln



RESIDENTIAL DEVELOPMENT  
REVENUE BY REGION  
RUB mln

## MOSCOW

1H 23 13,618

1H 22 14,562

## ST PETERSBURG

1H 23 10,494

1H 22 13,172

## REGIONS

1H 23 3,471

1H 22 First regional project  
launched in 2022

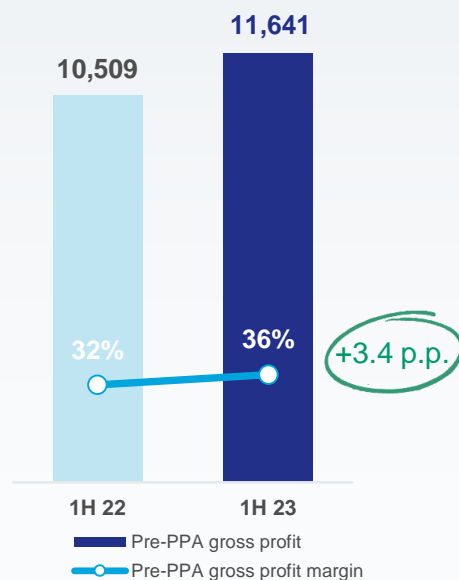
- **Revenue** remained almost unchanged year-on-year, at RUB 32.8 bln, **notwithstanding the drop in consumer confidence** seen after May 2022 until early 2023
- With first regional project launched in 2022, **residential development in regional markets** accounted for RUB 3.5 bln in the 1H23 revenue (13% of the overall residential development revenue)

# PRE-PPA GROSS MARGINS ABOVE THE TARGET 35% AND SECOND ONLY TO RECORD 1H21 LEVELS

PRE-PPA CONSOLIDATED GROSS MARGIN AT 36%, PRE-PPA RESIDENTIAL DEVELOPMENT GROSS MARGIN AT 40%

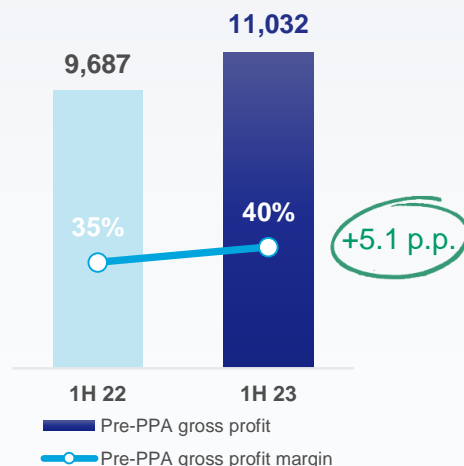
PRE-PPA<sup>(1)</sup> CONSOLIDATED  
GROSS PROFIT  
RUB mln

⬆️ +11%



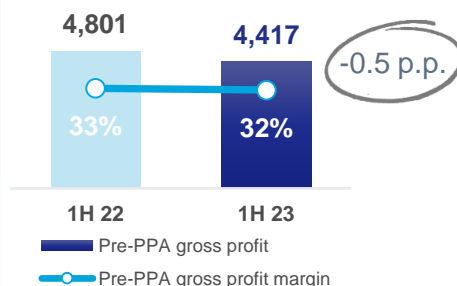
PRE-PPA<sup>(1)</sup> RESIDENTIAL  
DEVELOPMENT GROSS PROFIT  
RUB mln

⬆️ +14%



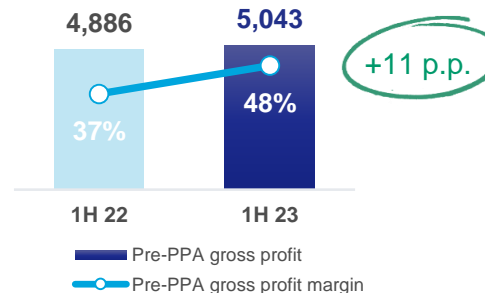
PRE-PPA<sup>(1)</sup> RESIDENTIAL  
DEVELOPMENT GROSS PROFIT,  
MOSCOW  
RUB mln

⬇️ -8%



PRE-PPA<sup>(1)</sup> RESIDENTIAL  
DEVELOPMENT GROSS PROFIT,  
ST PETERSBURG  
RUB mln

⬆️ +3%



PRE-PPA<sup>(1)</sup> RESIDENTIAL  
DEVELOPMENT GROSS PROFIT,  
REGIONS  
RUB mln

First regional  
project launched  
in 2022



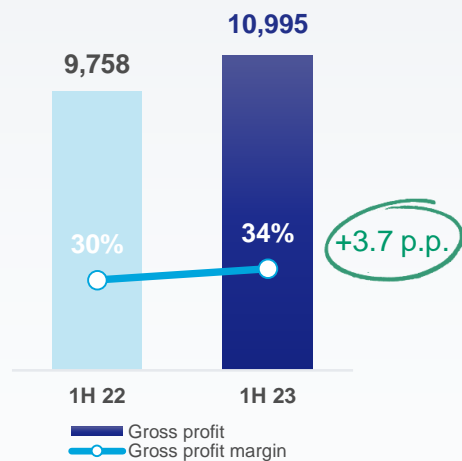
Source: IFRS Financial statements; y-o-y change was calculated without rounding  
(1) Purchase price allocation

# DOUBLE-DIGIT GROWTH IN CONSOLIDATED AND RESIDENTIAL DEVELOPMENT GROSS PROFIT

WITH AN ALL-TIME-HIGH 45% GROSS MARGIN AT REGIONAL PROJECTS

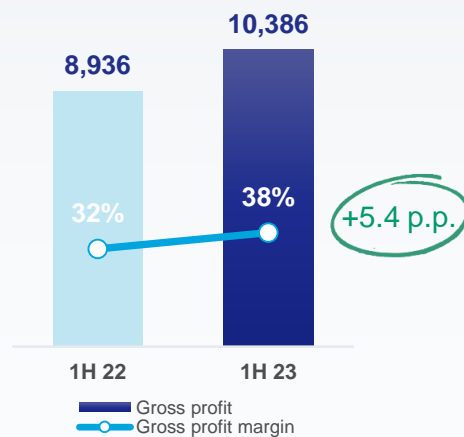
**CONSOLIDATED GROSS PROFIT**  
RUB mln

⬆️ +13%



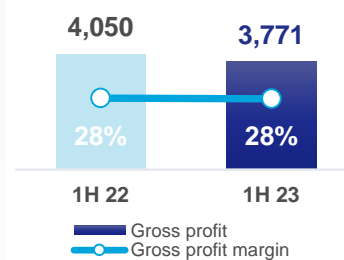
**RESIDENTIAL DEVELOPMENT GROSS PROFIT**  
RUB mln

⬆️ +16%



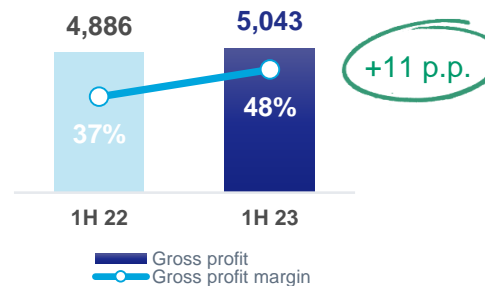
**RESIDENTIAL DEVELOPMENT GROSS PROFIT, MOSCOW**  
RUB mln

⬇️ -7%



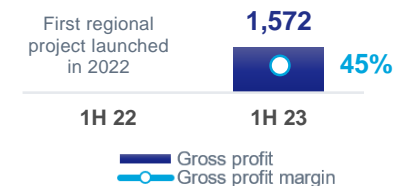
**RESIDENTIAL DEVELOPMENT GROSS PROFIT, ST PETERSBURG**  
RUB mln

⬆️ +3%



**RESIDENTIAL DEVELOPMENT GROSS PROFIT, REGIONS**  
RUB mln

First regional project launched in 2022



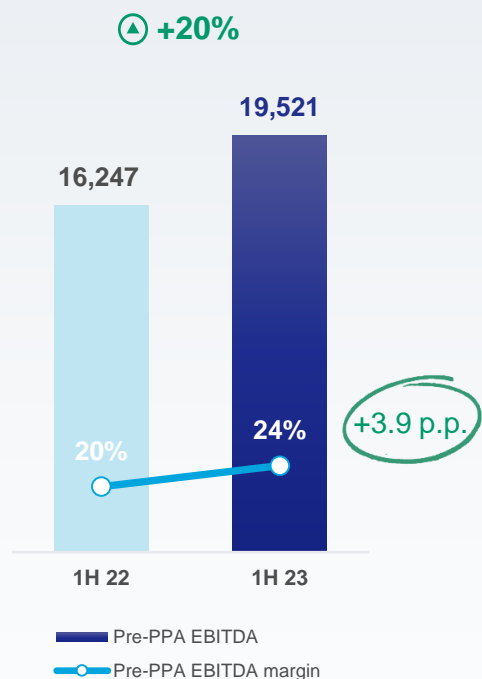
Source: IFRS Financial statements; y-o-y change was calculated without rounding



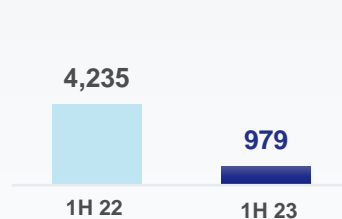
# LTM EBITDA AND NET INCOME ANALYSIS

1H 2023 SAW A 20% GROWTH IN PRE-PPA LTM EBITDA, WITH PRE-PPA LTM NET INCOME AT RUB 979 MLN

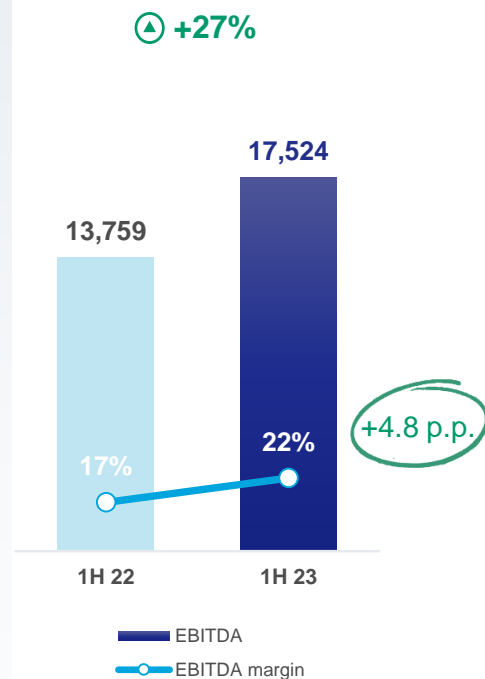
LTM PRE-PPA<sup>(1)</sup> EBITDA  
RUB mln



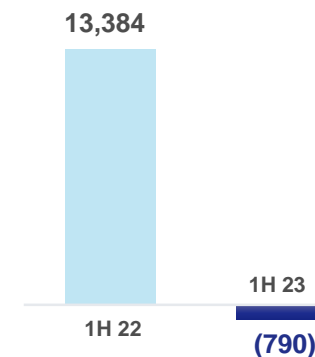
PRE-PPA<sup>(2)</sup> LTM NET INCOME  
RUB mln



LTM EBITDA  
RUB mln



LTM NET INCOME  
RUB mln



- Pre-PPA LTM EBITDA amounted to RUB 19.5 bln, **margin grew by 4 p.p.** year-on-year
- LTM EBITDA **increased by 27%** to RUB 17.5 bln
- SG&A amounted to RUB 5.4 bln on the back of **one-off costs**, including associated with services and fees paid to advisors
- Pre-PPA LTM net income was at **RUB 979 mln**, LTM net loss as of 30 June 2023 was at RUB 790 mln

Source: IFRS Financial statements; y-o-y change and net debt level were calculated without rounding

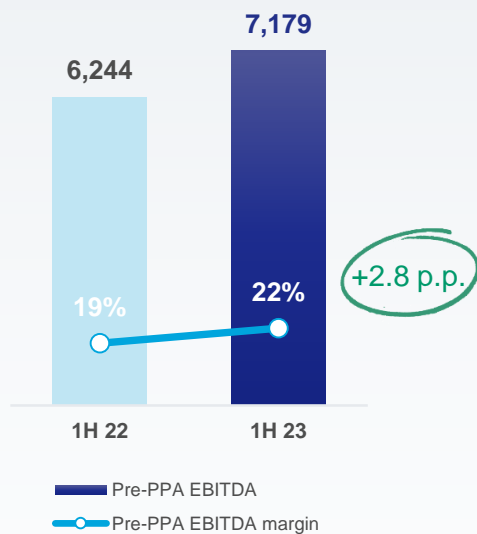
<sup>(1)</sup> Purchase price allocation

<sup>(2)</sup> Net income adjusted for purchase price allocation and gain from bargain purchase for YIT Russia acquisition

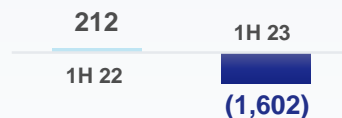
# 1H 2023 EBITDA AND NET INCOME ANALYSIS

PRE-PPA<sup>(1)</sup> EBITDA  
RUB mln

⬆️ +15%

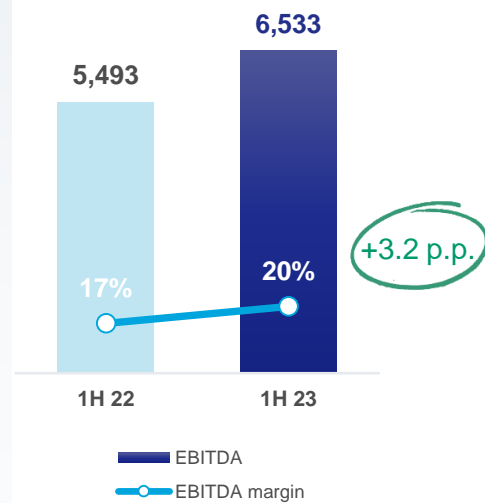


PRE-PPA<sup>(2)</sup> NET INCOME  
RUB mln

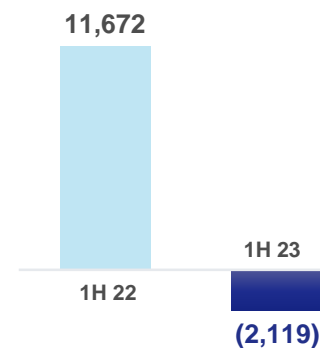


EBITDA  
RUB mln

⬆️ +19%



NET INCOME  
RUB mln

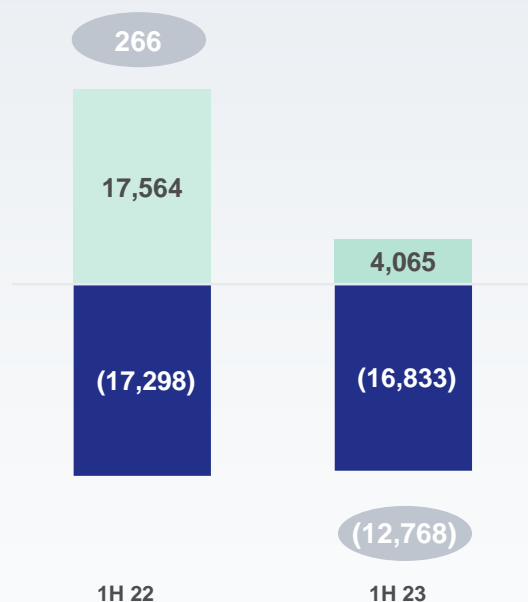


- Pre-PPA EBITDA amounted to RUB 7.2 bln, **margin grew by 3 p.p.** year-on-year
- EBITDA **increased by 19%** to RUB 6.5 bln
- Pre-PPA net loss was at RUB 1.6 bln, net loss adjusted for PPA for 1H 2023 was at RUB 2.1 bln due to a temporary growth of interest expenses driven by lower coverage of project finance loans by funds accumulated on escrow accounts, as well as general and commercial expenses associated with launches of new projects to the market

# CASH FLOW ANALYSIS

## OPERATING CASH FLOW<sup>(1)</sup>

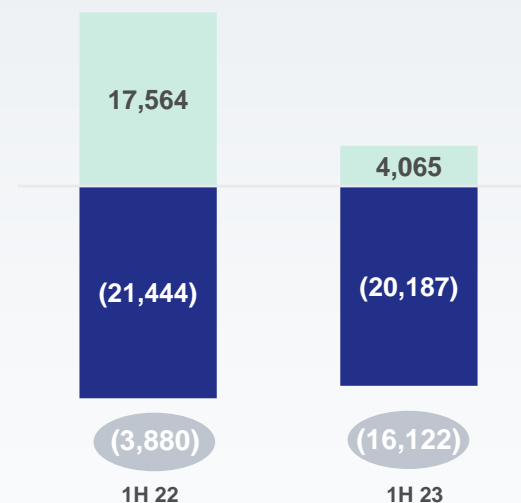
RUB mln



- Cash collections on escrow accounts (net balance) and repayments of project financing in 2023 offset against funds released from escrow accounts
- Operating cash flow (OCF) less interest paid
- Operating cash flow (OCF) adjusted for cash on escrow accounts and repayments of project financing in 2023 offset against funds released from escrow accounts

## FREE CASH FLOW<sup>(2)</sup>

RUB mln



- Cash collections on escrow accounts (net balance) and repayments of project financing in 2023 offset against funds released from escrow accounts
- Free cash flow (FCF)<sup>(2)</sup>
- Free cash flow (FCF) adjusted for cash on escrow accounts and repayments of project financing in 2023 offset against funds released from escrow accounts

- Operating cash and FCF adjusted for cash collections on escrow accounts decreased y-o-y **due to growing number of buildings under construction and development**
- As of 30 June 2023, **cumulative balance on escrow** amounted to RUB **47.9 bln**. OCF and FCF in 2023 are adjusted to cash collections on escrow, as well as repayment of project financing of RUB 16.6 bln made by means of offset against funds released from escrow accounts

Source: IFRS Financial statements, Company data; y-o-y change and net debt level were calculated without rounding

<sup>(1)</sup> Incl. cash collections in escrow accounts

<sup>(2)</sup> Free cash flow is calculated as profit for the year adjusted for depreciation, share-based payments, impairments, interest, taxation, change in working capital, and change in invested capital

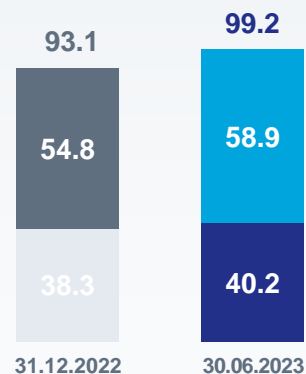


# STRONG FINANCIAL POSITION WITH NET CORPORATE DEBT/EBITDA RATIO BELOW 1X

## TOTAL DEBT

RUB bln

⬆️ +7%

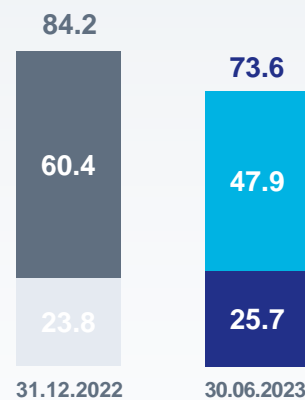


● Project debt  
● Corporate debt

## CASH AND CASH EQUIVALENTS

RUB bln

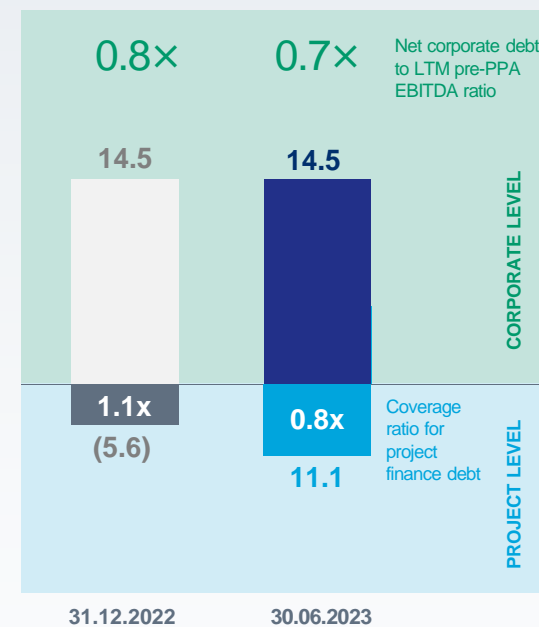
⬇️ -13%



● Cash in escrow accounts  
● Cash & cash equivalents<sup>(1)</sup>

## NET DEBT (CASH)

RUB bln



● Net project debt (cash)<sup>(2)</sup>  
● Net corporate debt  
● X.Xx net corporate debt to LTM pre-PPA EBITDA  
● X.Xx coverage ratio for project finance debt<sup>(3)</sup>

- Net corporate debt to pre-PPA EBITDA remains unchanged at **0.7x** and well below the target range of 2-3x as of 30 June 2022
- Average cost of borrowings as of 30 June 2023 was at **7.05%**

Source: IFRS Financial statements, Company data; y-o-y change and net debt level were calculated without rounding

<sup>(1)</sup> Including bank deposits over 3 months; excluding cash collections in escrow accounts

<sup>(2)</sup> Project finance debt less cash on escrow accounts

<sup>(3)</sup> Projects debt used in calculation of coverage ratio includes escrow adjustments

# APPENDIX



# INCOME STATEMENT

MLN RUB	1H 2022	1H 2023
<b>Revenue</b>	<b>32,740</b>	<b>32,769</b>
Cost of sales	(22,982)	(21,774)
<b>Gross profit</b>	<b>9,758</b>	<b>10,995</b>
General and administrative expenses	(2,558)	(2,992)
Selling expenses	(1,980)	(2,364)
Impairment loss on trade and other receivables	(132)	(633)
Gain from bargain purchase	12,038	-
Other expenses, net	268	(1,013)
<b>Results from operating activities</b>	<b>17,394</b>	<b>3,993</b>
Finance income	2,593	1,312
Finance costs	(6,863)	(6,939)
<b>Net finance income/(costs)</b>	<b>(4,270)</b>	<b>(5,627)</b>
Share of loss of equity accounted investees	(38)	17
<b>Profit before income tax</b>	<b>13,086</b>	<b>(1,617)</b>
Income tax expense	(1,414)	(502)
<b>Profit for the period</b>	<b>11,672</b>	<b>(2,119)</b>
<i>Profit attributable to:</i>		
Owners of the Company	11,663	(2,119)
Non-controlling interest	9	-
<b>Profit for the period</b>	<b>11,672</b>	<b>(2,119)</b>



# BALANCE SHEET

MLN RUB 31.12.2022 30.06.2023

ASSETS		
<b>Non-current assets</b>		
Property, plant and equipment	4,531	4,983
Intangible assets	2,652	2,645
Investment property	396	347
Other long-term investments	583	592
Trade and other receivables	1,569	882
Deferred tax assets	11,373	11,751
<b>TOTAL non-current assets</b>	<b>21,104</b>	<b>21,200</b>
<b>Current assets</b>		
Inventories	142,519	153,875
Contract assets, trade and other receivables	59,392	49,384
Short-term investments	22	20
Cash and cash equivalents	23,811	25,687
Other current assets	1,197	1,184
<b>TOTAL current assets</b>	<b>226,941</b>	<b>230,150</b>
<b>TOTL ASSETS</b>	<b>248,045</b>	<b>251,350</b>

EQUITY AND LIABILITIES		
<b>Equity</b>		
Share capital	26,368	26,368
Retained earnings	47,821	45,779
<b>TOTAL equity attributable to equity holders of the Company</b>	<b>74,189</b>	<b>72,147</b>
Non-controlling interest	-	-
<b>TOTAL equity</b>	<b>74,189</b>	<b>72,147</b>
<b>Non-current liabilities</b>		
Loans and borrowings	73,970	81,818
Contract liabilities, trade and other payables	22,978	9,770
Provisions	406	396
Deferred tax liabilities	7,513	6,695
<b>TOTAL non-current liabilities</b>	<b>104,867</b>	<b>98,679</b>
<b>Current liabilities</b>		
Loans and borrowings	19,118	17,349
Contract liabilities, trade and other payables	40,813	54,434
Provisions	9,058	8,741
<b>TOTAL current liabilities</b>	<b>68,989</b>	<b>80,524</b>
<b>TOTL EQUITY AND LIABILITIES</b>	<b>248,045</b>	<b>251,350</b>

# CASH FLOW STATEMENT

MLN RUB	1H 2022	1H 2023
<b>OPERATING ACTIVITIES</b>		
<b>Profit for the period</b>	<b>11,672</b>	<b>(2,119)</b>
<i>Adjustments for:</i>		
Depreciation	273	894
Gain on disposal of PP&E	60	(197)
Gain on disposal of investment property	-	-
Loss on disposal of inventories under construction and development	(55)	23
Impairment loss on inventories	(842)	124
Impairment loss/reversal on trade and other receivables, advances paid to suppliers and investments	75	633
Share of loss of equity accounted investees	38	(17)
Gain from bargain purchase	(12,038)	-
Cost of social infrastructure facilities within the implemented projects	-	612
Significant financing component from contracts with customers recognised in revenue	(121)	(87)
Savings on escrow-backed loans recognised in revenue	(802)	(1,119)
Finance costs, net	4,270	5,627
Income tax expense	1,414	502
<b>CASH FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</b>	<b>3,944</b>	<b>4,876</b>
Change in inventories	(14,724)	(11,921)
Change in accounts receivables	1,075	(2,847)
Change in accounts payable	2,401	(1,810)
Change in provisions	617	(327)
Change in contract assets	(8,788)	(5,641)
Change in contract liabilities	(674)	2,724
Income tax paid	(1,149)	(1,887)
Interest paid	(4,385)	(2,588)
<b>NET CASH from/(used in) operating activities</b>	<b>(21,683)</b>	<b>(19,421)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of non-current assets	31	209
Proceeds from disposal of investment property	6	6
Interest received	680	919
Acquisition of PP&E	(331)	(981)
Loans given	31	15
Loans repaid	(30)	-
Acquisition of investments in associates and joint ventures	533	-
Acquisition of subsidiary, net of cash acquired	(156)	-
Disposal of subsidiary, net of cash disposed of	-	-
(Acquisition)/disposal of other investments	42	-
<b>NET CASH from/(used in) investing activities</b>	<b>806</b>	<b>168</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	22,739	35,652
Repayments of borrowings	(6,493)	(13,683)
Payments for lease liabilities, excluding interest	(590)	(1,168)
Proceeds from issue of share capital	-	-
Dividends paid	-	-
<b>NET CASH from/(used in) financing activities</b>	<b>15,656</b>	<b>20,801</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(5,221)</b>	<b>1,548</b>
Effect of FX rate fluctuations	(172)	328
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>39,194</b>	<b>25,687</b>

Source: IFRS Financial statements

# EBITDA CALCULATION

MLN RUB	1H 2022	1H 2023
<b>Gross profit</b>	<b>9,758</b>	<b>10,995</b>
Less: General and administrative expenses	(2,558)	(2,992)
Less: Selling expenses	(1,980)	(2,364)
<b>Adjusted operating profit</b>	<b>5,220</b>	<b>5,639</b>
Add: Depreciation and amortisation	273	894
<b>EBITDA</b>	<b>5,493</b>	<b>6,533</b>
Add: PPA in cost of sales	751	646
<b>Pre-PPA EBITDA</b>	<b>6,244</b>	<b>7,179</b>



# FCF CALCULATION

MLN RUB	1H 2022	1H 2023
<b>Comprehensive income</b>	<b>11,672</b>	<b>(2,119)</b>
<i>ADJUSTMENTS FOR</i>		
Depreciation	273	894
Loss/(gain) on disposable PP&E	60	(197)
Gain on disposal of investment property	-	-
Loss on disposal of inventories under construction and development	(55)	23
Impairment loss on inventory	(842)	124
Impairment loss on trade and other receivables	75	633
Share of loss of equity accounted investees	38	(17)
Cost of social infrastructure facilities within the implemented projects	-	612
Gain/loss in disposal of subsidiary	-	-
Gain from bargain purchase	(12,038)	-
Significant financing component from contracts with customers recognised in revenue	(121)	(87)
Savings on escrow-backed loans recognised in revenue	(802)	(1,119)
Finance (income)/expense, net	4,270	5,627
Income tax expense	1,414	502
Income tax paid	(1,149)	(1,887)
Interest paid	(4,385)	(2,588)
<b>(Increase)/decrease in working capital:</b>	<b>(20,093)</b>	<b>(19,822)</b>
Change in inventories	(14,724)	(11,921)
Change in accounts receivable	1,075	(2,847)
Change in accounts payable	2,401	(1,810)
Change in provisions	617	(327)
Change in contract assets	(8,788)	(5,641)
Change in contract liabilities	(674)	2,724
<b>(Increase)/decrease in invested capital based on CF statement:</b>	<b>239</b>	<b>(766)</b>
Acquisition of PP&E	(331)	(981)
Acquisition of subsidiary, net cash of acquired	533	-
Proceeds from disposal of non-current assets	37	215
<b>FCF</b>	<b>(21,444)</b>	<b>(20,187)</b>

An architectural rendering of a modern residential development. In the foreground, a man and a woman stand on a balcony of a high-rise building, looking out over the city. The building has a glass and light-colored panel facade. In the background, several other tall apartment buildings are visible, situated along a river. A park with green lawns, trees with autumn foliage, and winding pedestrian paths is located between the buildings and the river. The sky is blue with scattered white clouds.

# ETALON

## FINANCIAL RESULTS

### 1H 2023