

2013 Financial results

Investor presentation

20 March 2014



Etalon Group

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Today's presenting team



Viacheslav Zarenkov

**Chairman of the
Board of Directors**

**Founding shareholder and
President of Etalon Group**

Founded Etalon in 1987



Anton Evdokimov

**Chief Executive Officer
Member of the Board of
Directors**

With Etalon Group since 1998



Boris Svetlichny

**Chief Financial Officer
Member of the Board of
Directors**

With Etalon Group since 2013



Kirill Bagachenko

**Head of Corporate Investments
and IR**

**Member of the Board of
Directors**

With Etalon Group since 2013



1

Financial results

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Landbank valuation

3

Appendix

Summary

1 Strong growth in 2013, with deliveries up 29% (in sqm) and revenue up by 48% (in RUB) compared to 2012

2 Project portfolio grows in value by 15% to USD 2.7 billion, or USD 9.3 per share (source: Jones Lang LaSalle)

3 Diversified portfolio of 16 existing projects gives potential for rapid growth in future sales

4 Balance sheet remains exceptionally strong with net debt of only USD 6 million at year-end 2013

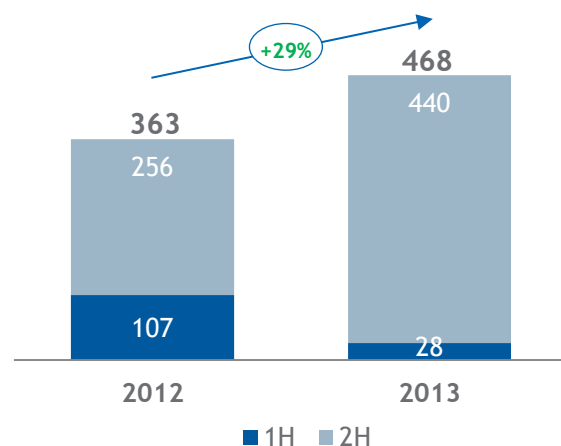
5 Initial dividend expected to be paid in July 2014

Financial results

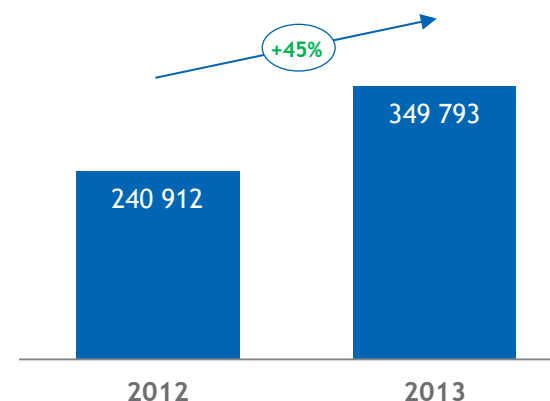


Record deliveries in 2013 achieved!

Deliveries, ths sqm



Transfers y-o-y, sqm



2013 project deliveries breakdown, sqm

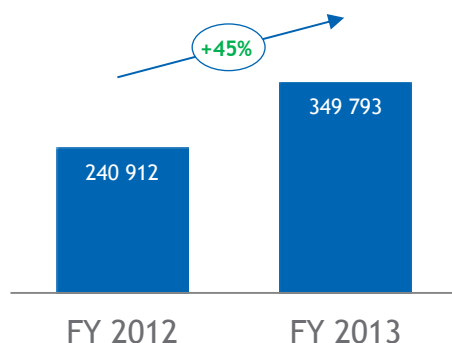
Project	NSA delivered in 2013, ths sqm
Tsar's Capital	72
Swallow's Nest	189
Letniy	64
Galant	11
House on Tukhachevskogo Street	25
Emerald Hills	107
Total	468

- Etalon Group successfully delivered on its construction plan in 2013, completing 468 ths sqm of NSA for the year, an increase of 29% compared to 2012 and an all-time record for Company.
- During 2013 Etalon delivered a total of 17 buildings containing 7,110 flats at ongoing projects including Tsar's Capital, Swallow's Nest, Galant, and Emerald Hills, as well as at Letniy and House on Tukhachevskogo Street, where the Company completed construction work.

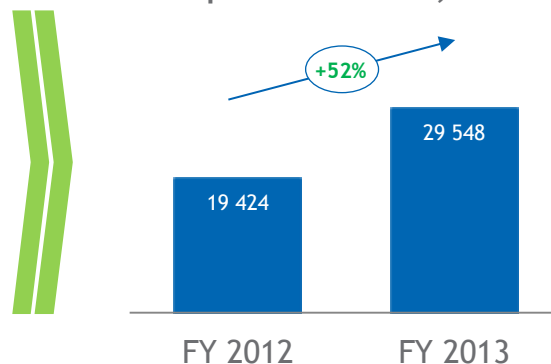
Source: Company data

Robust top-line growth in both business segments

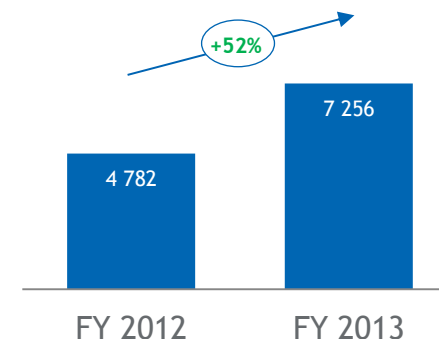
Transfers to customers, sqm



Residential real estate development revenue, mln RUB

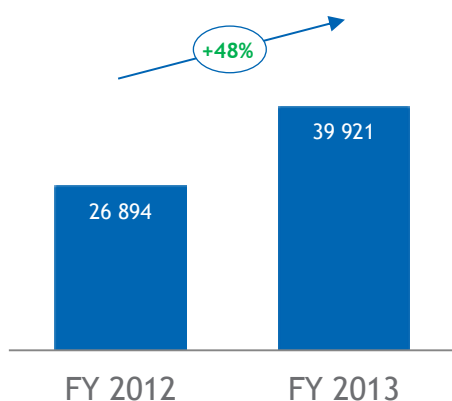


Construction services revenue from third parties/external, mln RUB

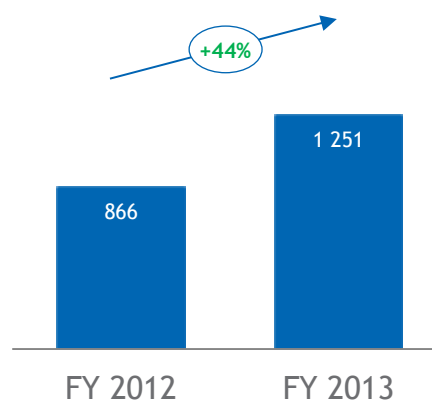


Consolidated revenue increased by 48% in RUB, 44% in USD:

Total Revenue, mln RUB



Total Revenue, mln USD



average USD/RUB fx rate for the period 1 January 2012 - 31 December 2012 31.07

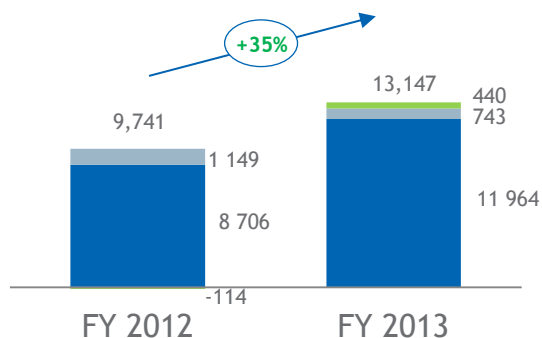
average USD/RUB fx rate for the period 1 January 2013 - 31 December 2013 31.91

Source: IFRS financial statements, Company information

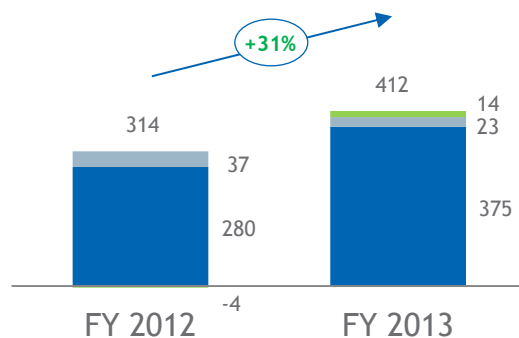
2013 FY Gross profit analysis

Consolidated gross profit increased by 35% in RUB, 31% in USD

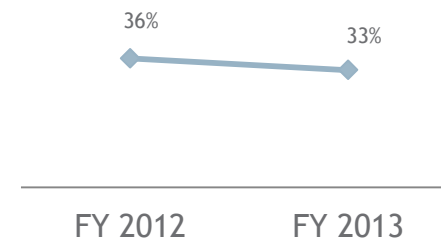
Adjusted gross profit*, mln RUB



Adjusted gross profit*, mln USD



Adjusted gross profit margin*, %

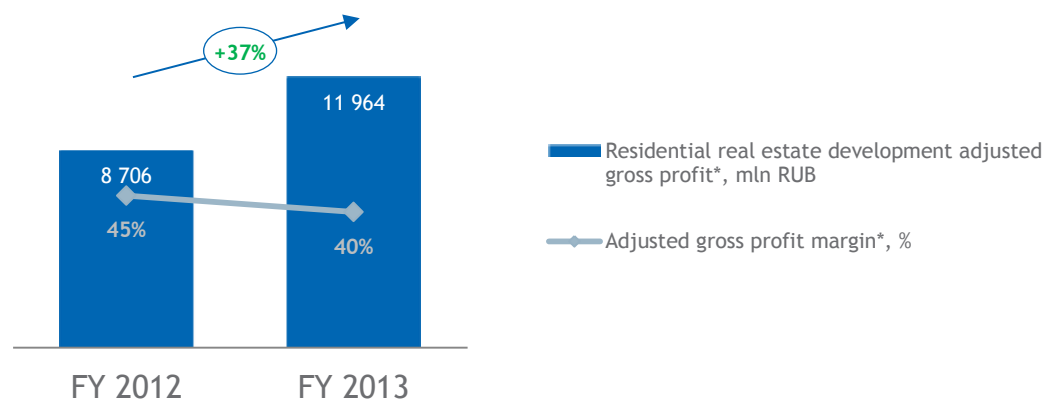


- Residential real estate development
- Construction services
- Other segments plus elimination of inter-segment profit

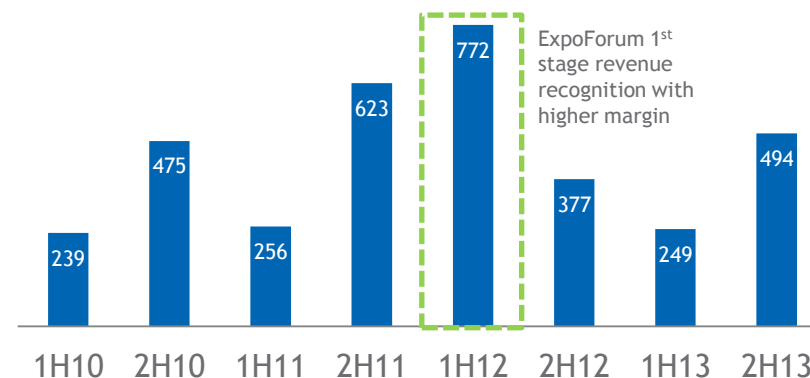
Core business segment demonstrated healthy profitability trend

Construction services gross profit highly dependent on project pipeline

Residential real estate development adjusted gross profit*, mln RUB



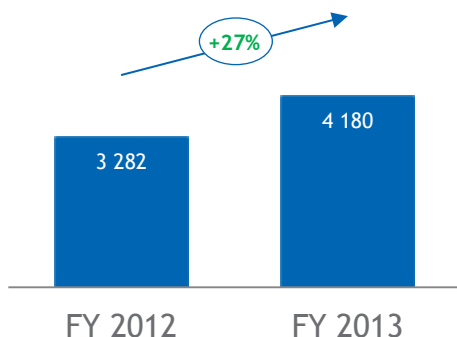
Construction service gross profit, mln RUB



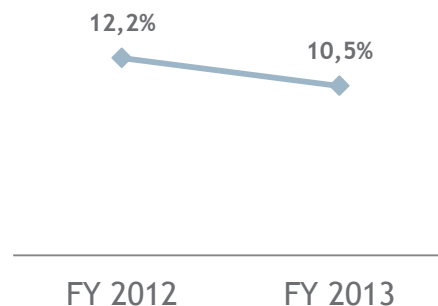
Source: IFRS financial statements
*Note 5 to IFRS financial statements

Continued efficiencies in managing SG&A costs as well as FX exposure

Selling, General and Administrative expenses, mln RUB



Selling, General and Administrative expenses as % of revenue

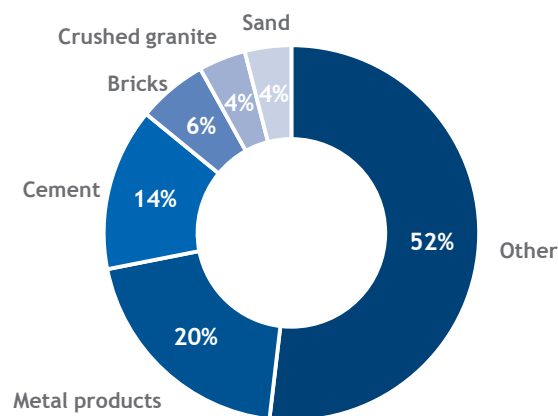


FX sensitivity

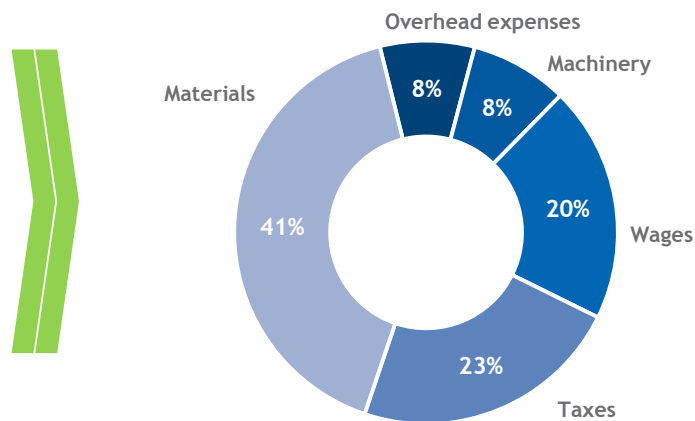
- Company estimates that only c. 15% of total construction costs linked to USD
- Foreign currency denominated Debt to Cash ratio is 0.95 (as of 31 December 2013)

Typical project cost structure*

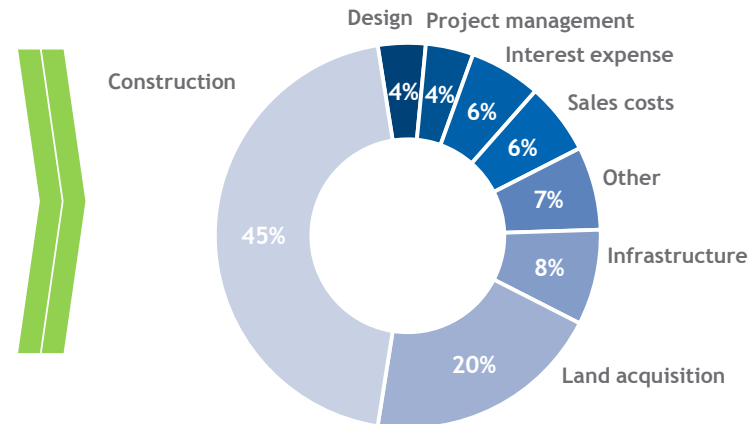
Materials cost structure *
(USD 375 - 550 per sqm of NSA)



Construction cost structure *
(USD 900 - 1,200 per sqm of NSA)



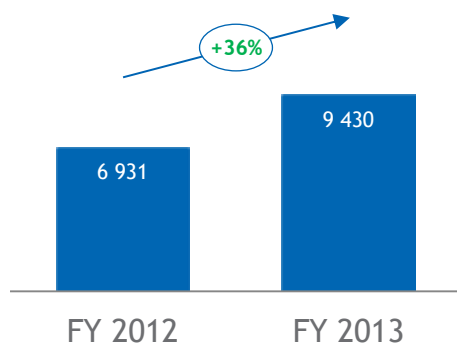
Total cost structure *
(USD 1,800 - 2,200 per sqm of NSA)



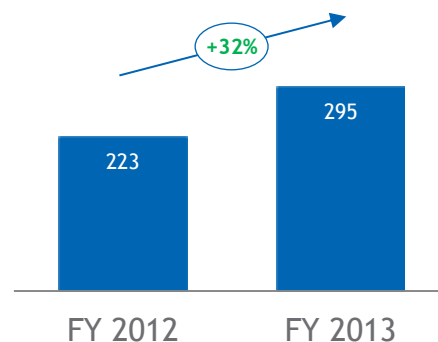
*Source: Company estimates for typical project based on current portfolio average. Actual breakdown per project is subject to significant variation due to a number of factors.

Vigorous growth in FY 2013 EBITDA and Net Income

EBITDA, mln RUB



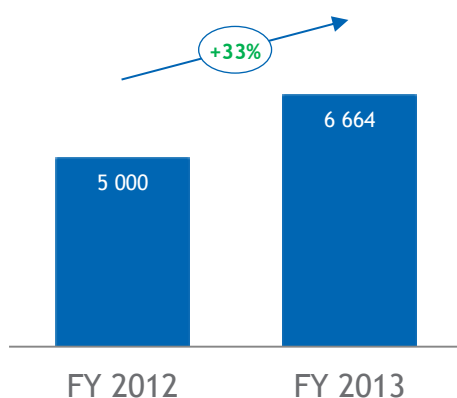
EBITDA, mln USD



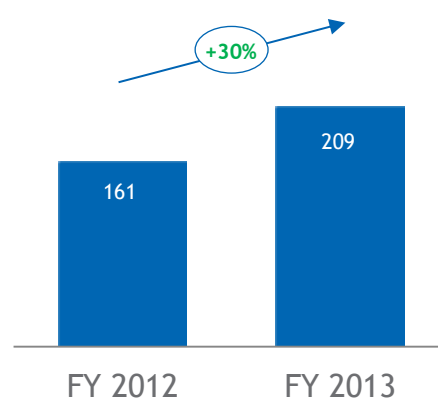
EBITDA calculation

mln RUB	2013
Comprehensive income	6,664
Income tax expense	1,833
Interest expense on loans and finance leases	233
Net foreign exchange loss	109
Interest income on bank deposits	(583)
Interest income on loans and receivables	(28)
Bank fees and commissions	80
Interest in COS	779
Depreciation	343
EBITDA	9,430

Net Income, mln RUB



Net Income, mln USD



mln RUB	2013
Depreciation to COGS (Note 14 PP&E)	292
Depreciation to selling expenses (Note 14 PP&E)	1
Depreciation to G&A (Note 14 PP&E)	39
Depreciation to Investment property (Note 15 Investment property)	11

average USD/RUB fx rate for the period 1 January 2012 - 31 December 2012 31.07

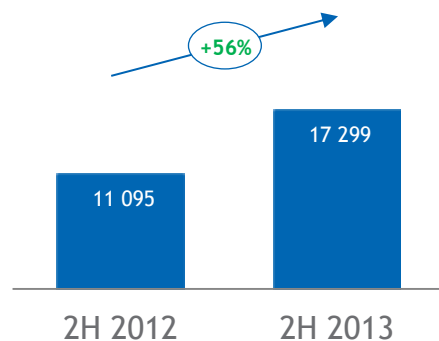
average USD/RUB fx rate for the period 1 January 2013 - 31 December 2013 31.91

Source: Financial statements

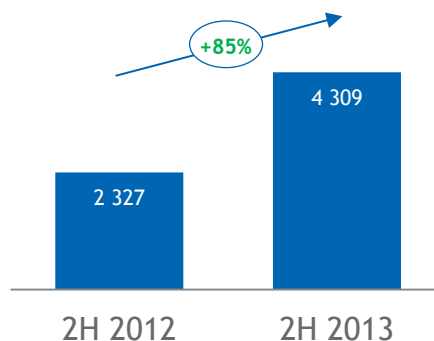
Significant growth y-o-y in 2H 2013

Revenue

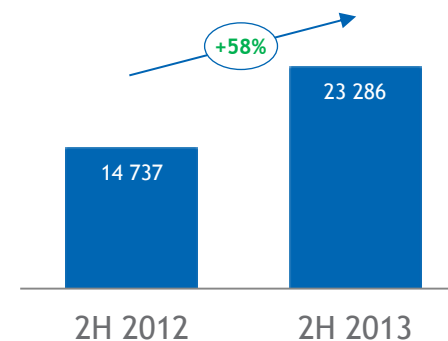
Residential real estate development revenue, mln RUB



Construction services revenue from third parties/external, mln RUB

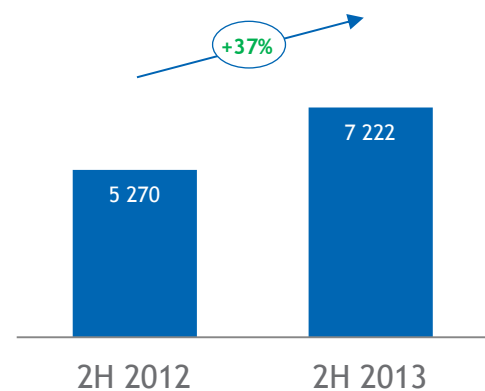


Total Revenue, mln RUB

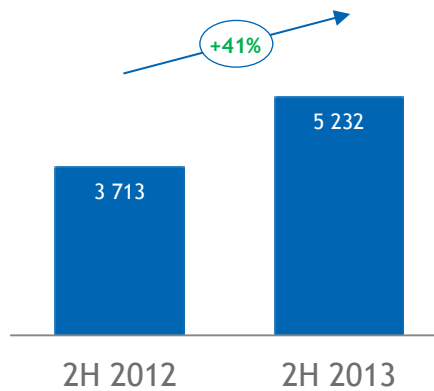


Profitability

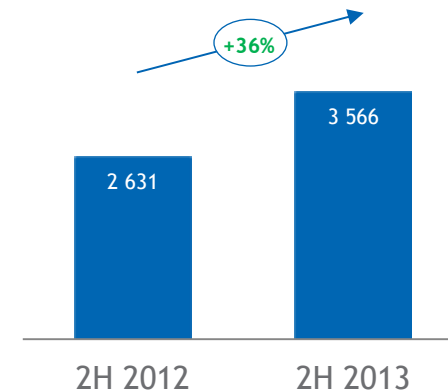
Adjusted gross profit*, mln RUB



EBITDA, mln RUB

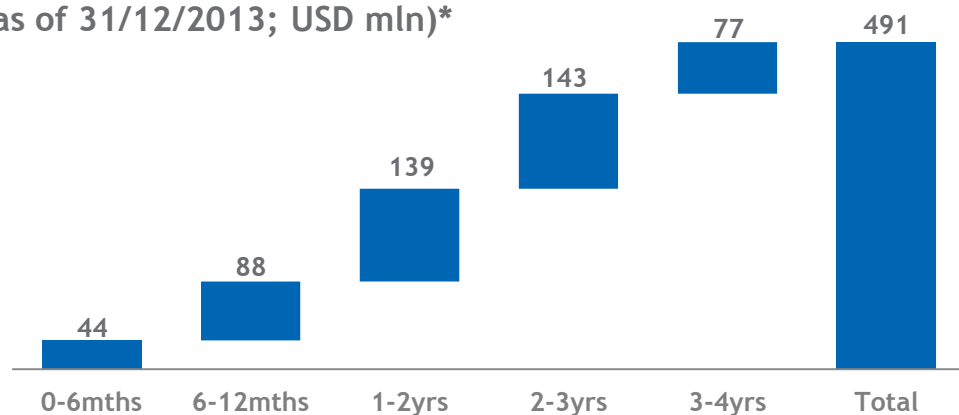


Net Income, mln RUB



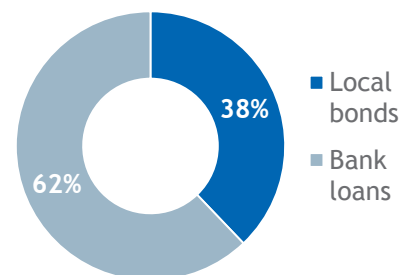
Robust balance sheet

Debt maturity profile
(as of 31/12/2013; USD mln)*

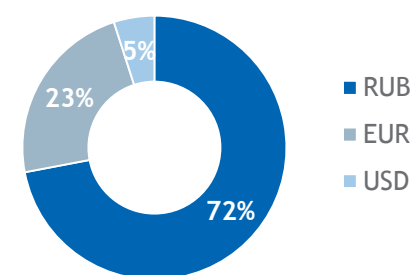


Debt composition (as of 31/12/2013)*

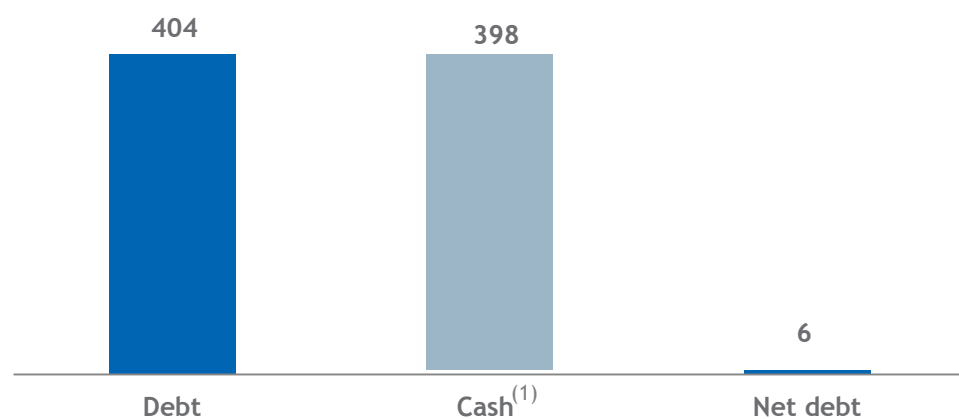
By type of facility



By currency



Net debt (as at 31/12/2013)*, USD mln



Financing highlights

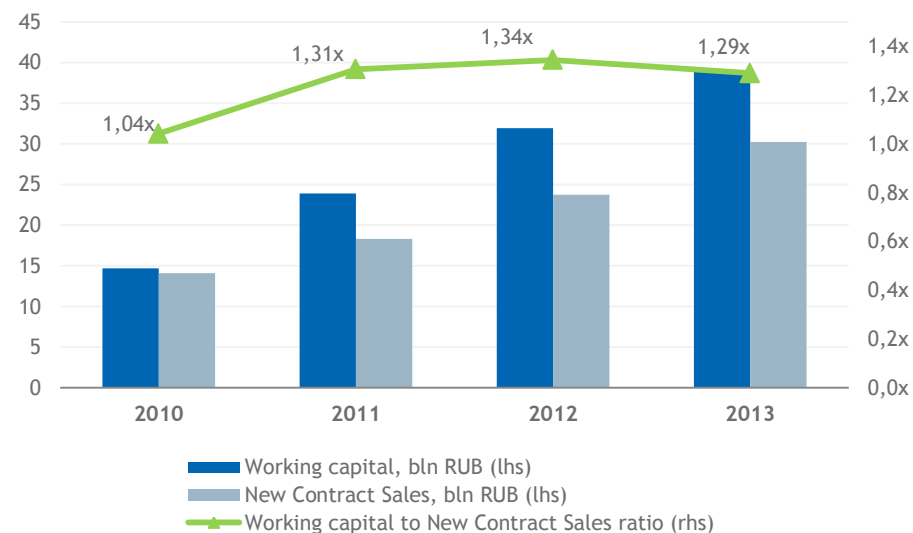
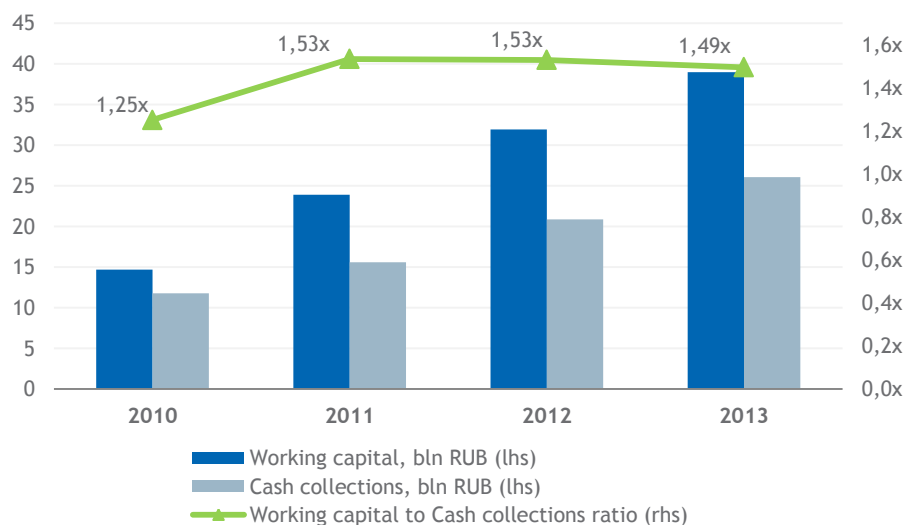
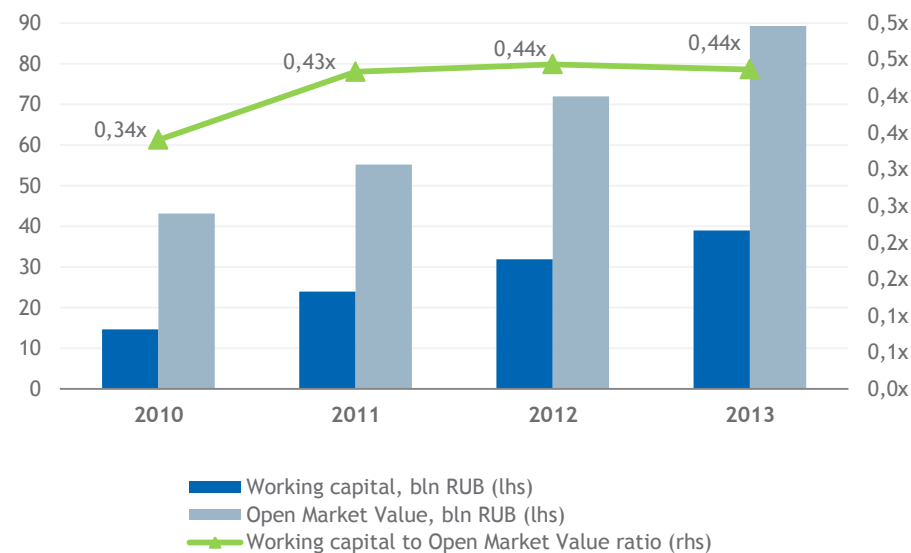
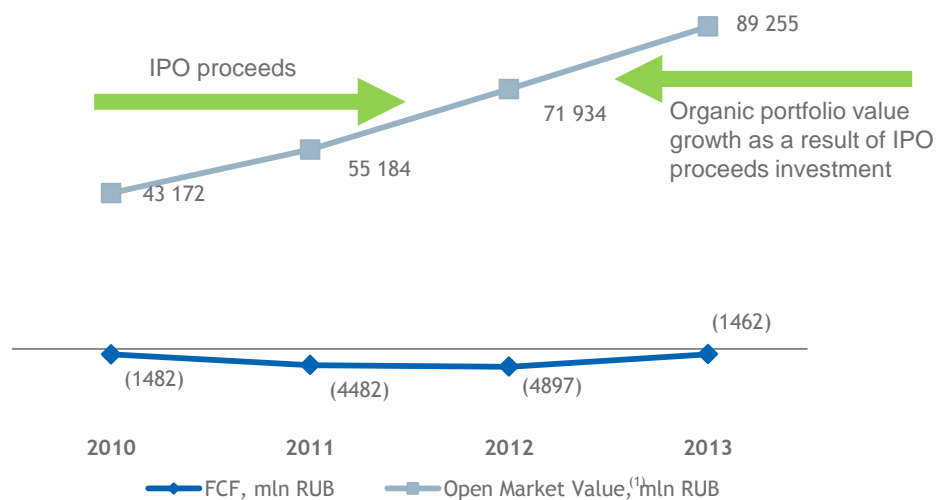
- Conservative approach to leverage
- Balance sheet naturally hedged

USD/RUB fx rate as at 31 December 2013 32.73

EUR/RUB fx rate as at 31 December 2013 44.97

⁽¹⁾ Including bank deposits
*Source: audited consolidated IFRS accounts for the FY 2013

Balanced Growth Strategy



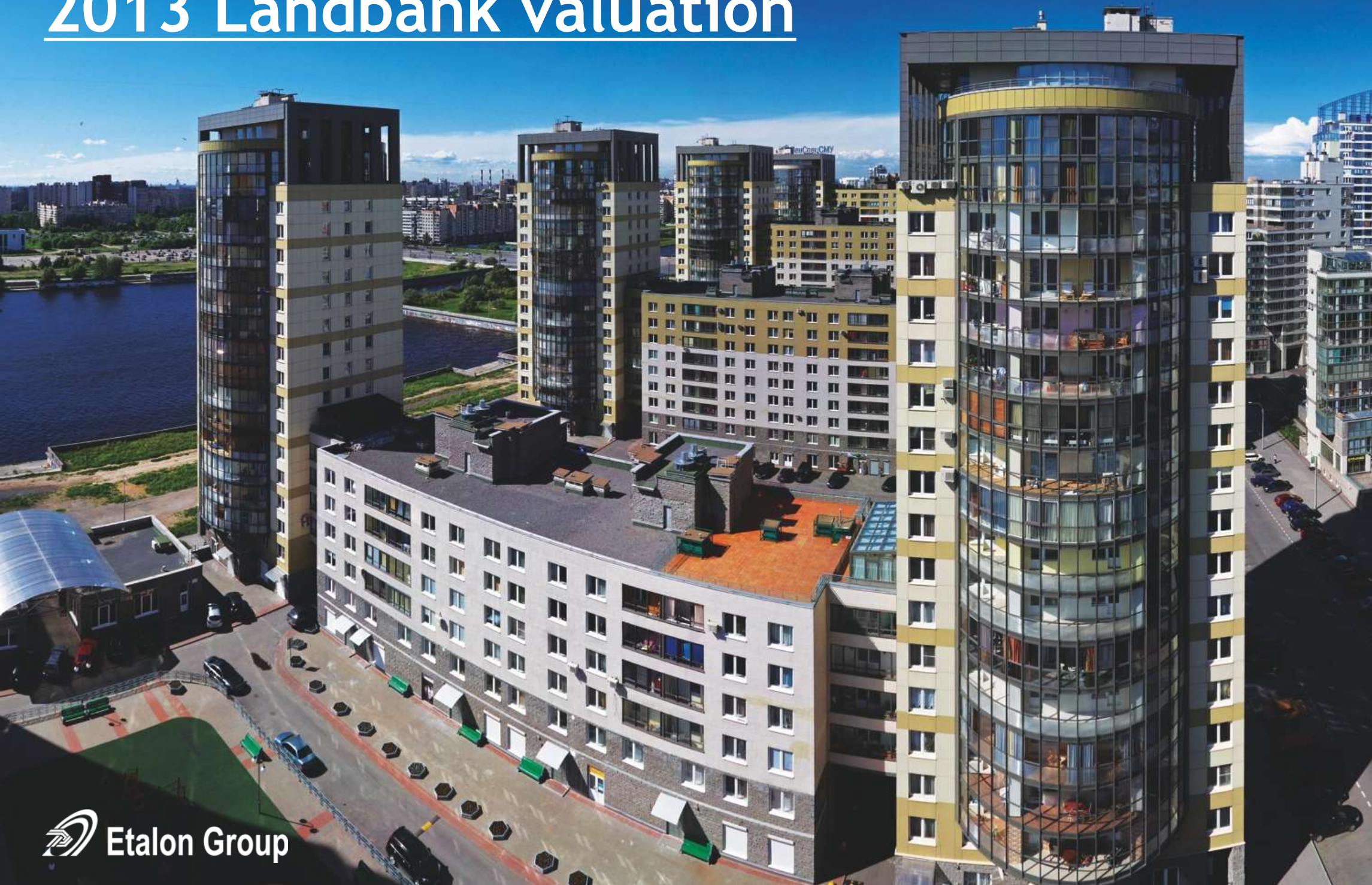
Note: for FCF and Working capital detailed calculations please refer to pp. 48-49

⁽¹⁾ Jones Lang LaSalle land bank valuation report as of 31.12.2013

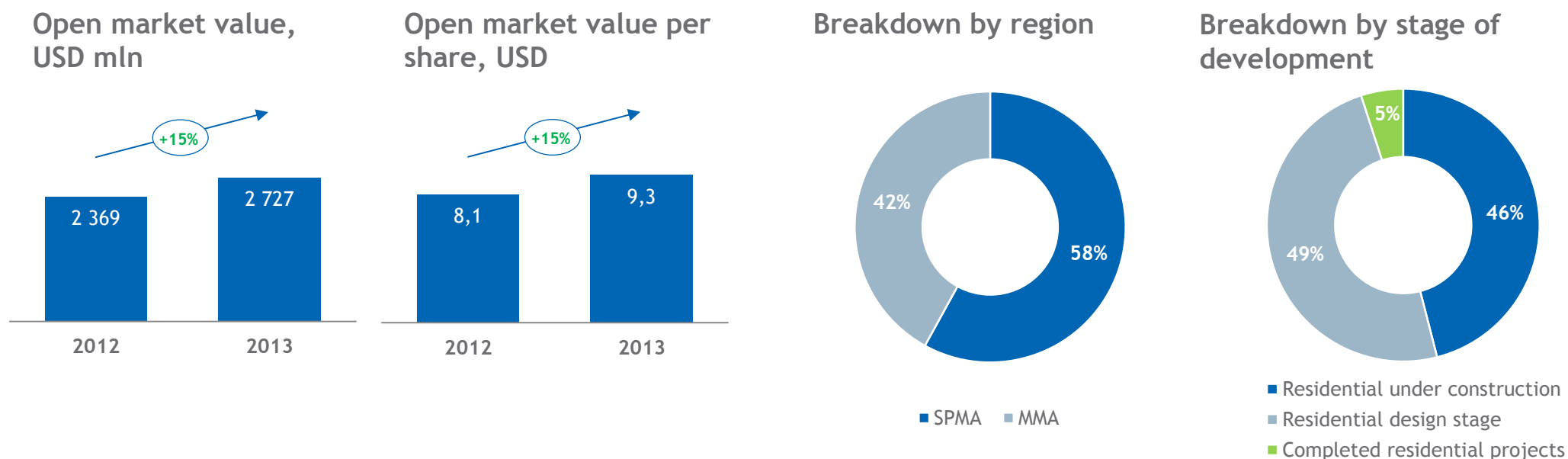
Key takeaways

- **Solid financial performance in FY 2013**
 - Consolidated revenue up 48% year-on-year (y-o-y) to RUB 39,921 million from 26,894 million in FY 2012
 - EBITDA increased 36% y-o-y to RUB 9,430 million from RUB 6,931 million in FY 2012
 - Net income grew 33% to RUB 6,664 million, compared to RUB 5,000 million in FY 2012
- **Good costs discipline**
 - Tight control over costs throughout 2013, with general, administrative and selling expenses as a percentage of revenue decreased from 12.2% in 2012 to 10.5% for 2013
- **Robust financial results in 2H 2013**
 - Net income in 2H 2013 increased 36% y-o-y to RUB 3,566 million
 - 2H 2013 EBITDA up 41% to RUB 5,232 million from RUB 3,713 million in 2H 2012
- **Strong financial position**
 - Net debt at 31 December 2013 of just USD 6 million, with foreign currency denominated debt to cash ratio of 0.95
 - Cash and cash equivalents of USD 398 million
 - Etalon Group's comfortable debt repayment schedule combined with strong cash collections-based business model means company is well-positioned to continue implementing construction plan in line with guidance
- **2014 remains in line with expectations**
 - Etalon remains on track to deliver 25% year-on-year growth in deliveries, to 582 thousand sqm in 2014
 - Record sales in January 2014 indicate robust demand, with recent launch of Phase II of Tsar's Capital and other new projects due later this year expected to further enhance sales
 - Initial dividend expected to be paid in July 2014

2013 Landbank valuation



Updated 2013 landbank valuation by Jones Lang LaSalle



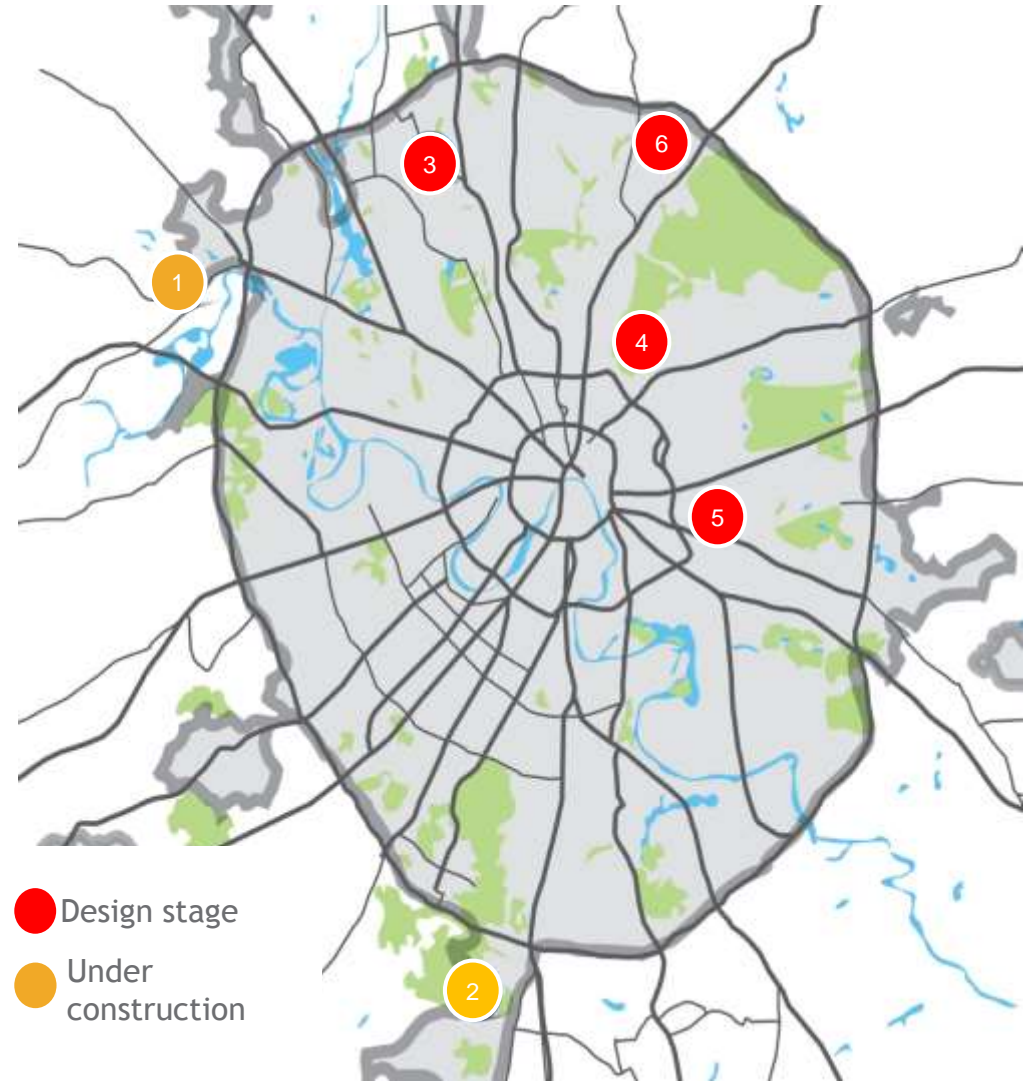
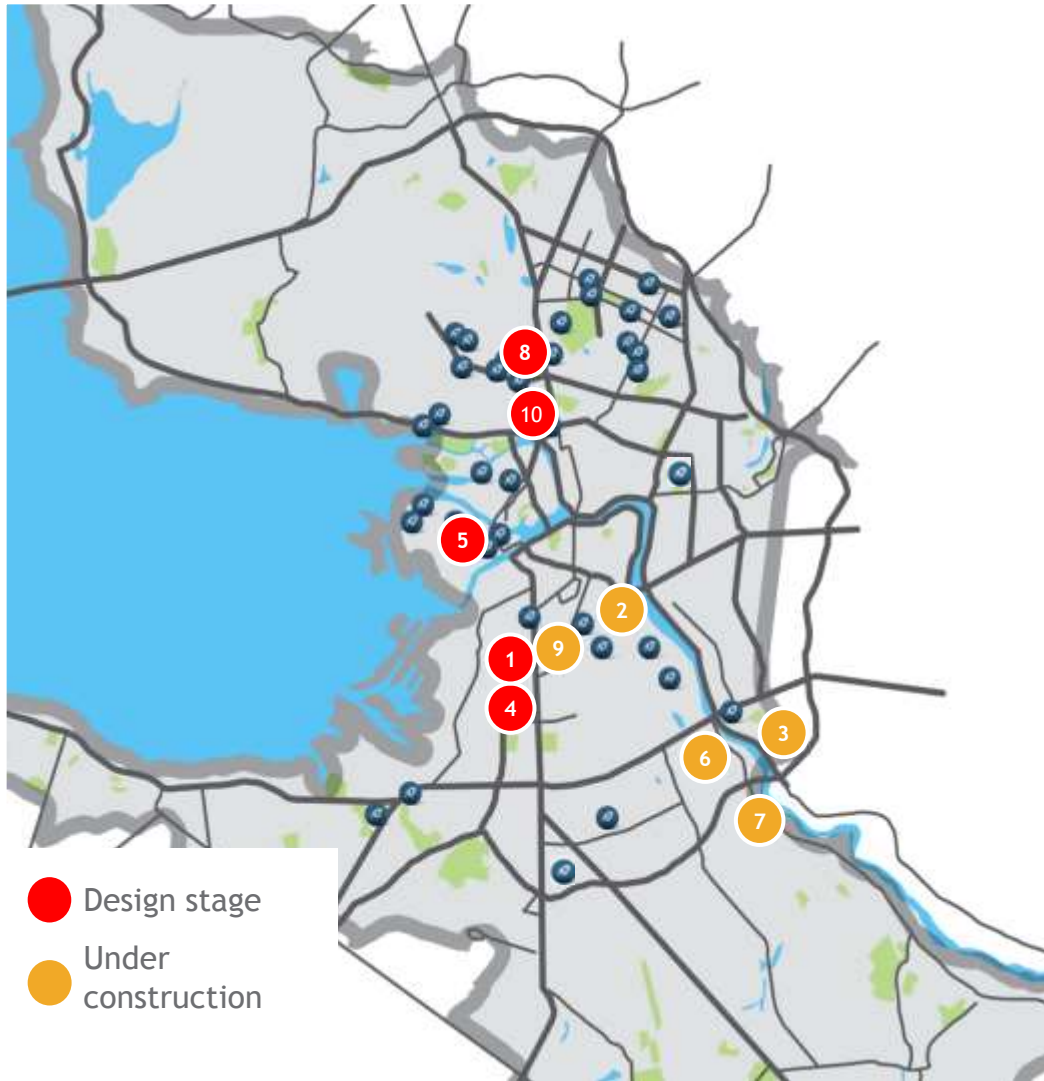
Robust growth of open market value based on well diversified portfolio

- Market value of the Group's portfolio as of 31 December 2013 reached USD 2,727 million, up 15% year-on-year
- Landbank volume remained generally stable at 3.44 million sqm of unsold NSA
- The Company acquired two new projects during 2013 - one in Moscow and one in St. Petersburg
- Total planned NSA for several projects currently in design stage has been increased from original conservative estimates in the process of finalising design parameters
- Share of MMA projects reached 42%
- The portfolio includes 412 thousand sqm of completed & available for sale property at projects that are completed or still underway, out of which completed & available for sale apartments account for 238 thousand sqm. Jones Lang LaSalle estimates potential income from sale of these properties at USD 795 million and USD 648 million, respectively

Operations in SPMA and MMA

Projects in St. Petersburg Metropolitan Area

Projects in Moscow Metropolitan Area



Project portfolio timeline

Construction period

Project	2014	2015	2016	2017	2018	2019 and beyond	Status	Total NSA ('000 sqm)	Unsold NSA (Etalon's share) ⁽¹⁾ ('000 sqm)	Unsold parking (lots), #	OMV (USDmIn)	Income from sales ⁽²⁾ (USDmIn)	Construction budget ⁽³⁾ (USDmIn)	Outstanding budget ⁽³⁾ (USDmIn)
Current Projects														
St. Petersburg Metropolitan Area (SPMA)														
1. Galactica							Design stage	752.3	663.5	3,379	258.0	2,115.7	1,156.2	1,152.9
2. Tsar's Capital							Construction	390.3	277.1	2,109	279.8	1,101.4	502.1	384.6
3. Swallow's Nest							Construction	333.7	246.7	1,834	247.9	612.7	416.1	136.8
4. Moscow Gates							Design stage	202.0	202.0	945	137.1	584.0	267.6	259.3
5. Samotsvety							Design stage	189.1	189.1	1,773	125.0	541.6	248.5	226.8
6. Molodejny							Construction	111.8	64.5	760	56.9	193.9	129.0	91.6
7. Rechnoy							Construction	109.7	59.2	561	50.0	169.4	128.4	85.2
8. Technopark							Design stage	50.7	50.7	240	16.3	110.4	66.5	66.4
9. Galant							Construction	49.2	33.6	110	68.0	131.5	64.3	27.4
10. Beloostrovskaya							Design stage	34.3	34.3	175	11.6	91.9	54.8	54.8
Total SPMA								2,223.1	1,820.7	11,886	1,250.6	5,652.5	3,033.5	2,485.9
Moscow Metropolitan Area (MMA)														
1. Emerald Hills							Construction	862.1	571.8	3,703	448.2	1,960	1,024.8	677.7
2. Etalon-City							Construction	429.5	329.4	3,780	182.4	954.5	503.1	488.3
3. Dmitrovskoe shosse							Design stage	287.4	226.9	1,895	151.4	844.5	410.3	410.3
4. Alekseevskiy District							Design stage	182.9	169.6	2,160	235.4	705.7	239.8	239.8
5. Budennogo street							Design stage	70.0	70.0	709	64.2	228.7	89.4	89.4
6. Losinoostrovskiy District							Design stage	69.6	69.6	540	88.2	309.0	108.0	108.0
Total MMA								1,901.5	1,437.3	12,787	1,169.8	5,002.4	2,375.4	2,013.5
Total Current Projects								4,124.6	3,258.0	24,673	2,420.4	10,654.9	5,408.9	4,499.4
Completed Projects														
Completed and unsold residential developments										162.8	3,189	258.2		
Completed stand-alone commercial properties										21.5	59	48.4		
Total Completed Projects										184.3	3,248	309.6		
All Projects														
Total Etalon Group										3,442.3	27,921	2,727		

Source: construction period based on company estimates, all numbers based on JLL report as of 31.12.2013

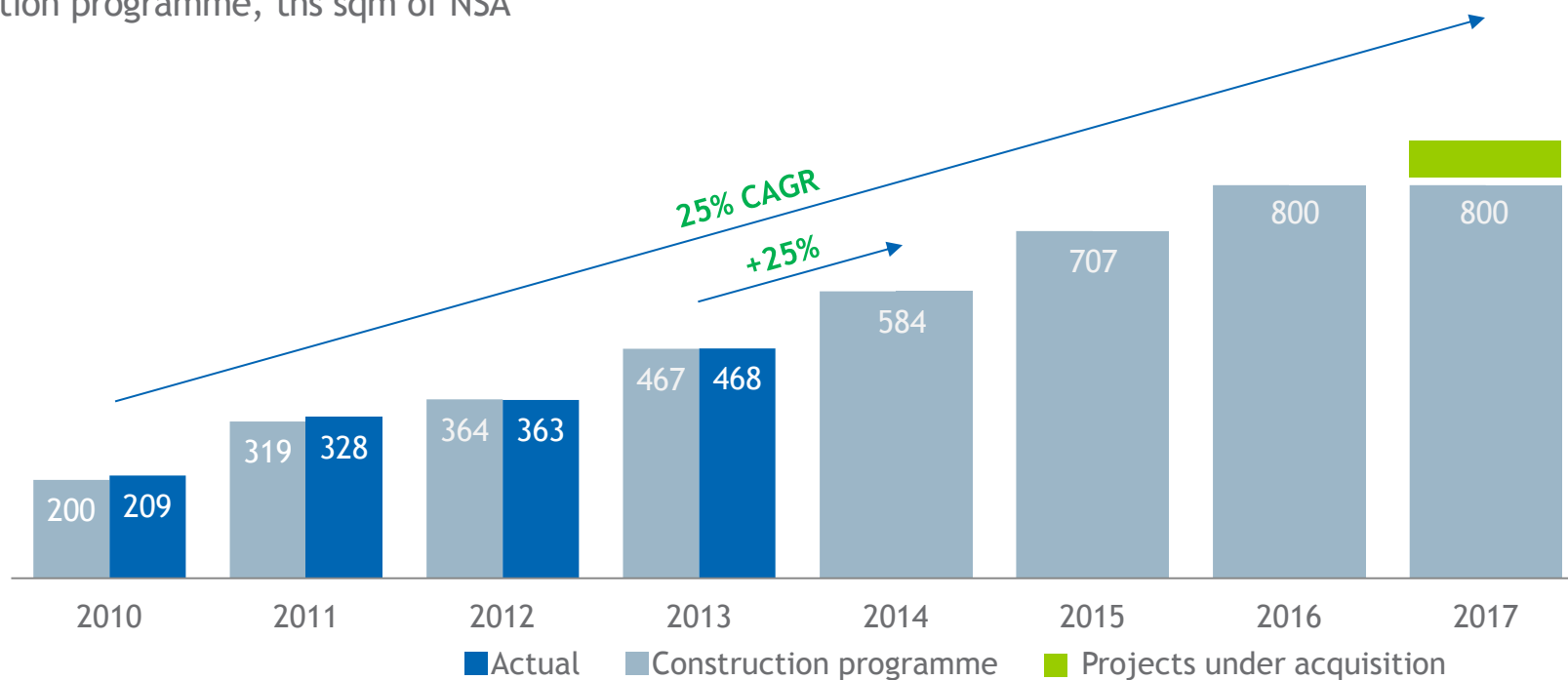
(1) Including parking with average area c. 30 sqm

(2) Income from sales includes potential and received incomes as of 31 December 2013

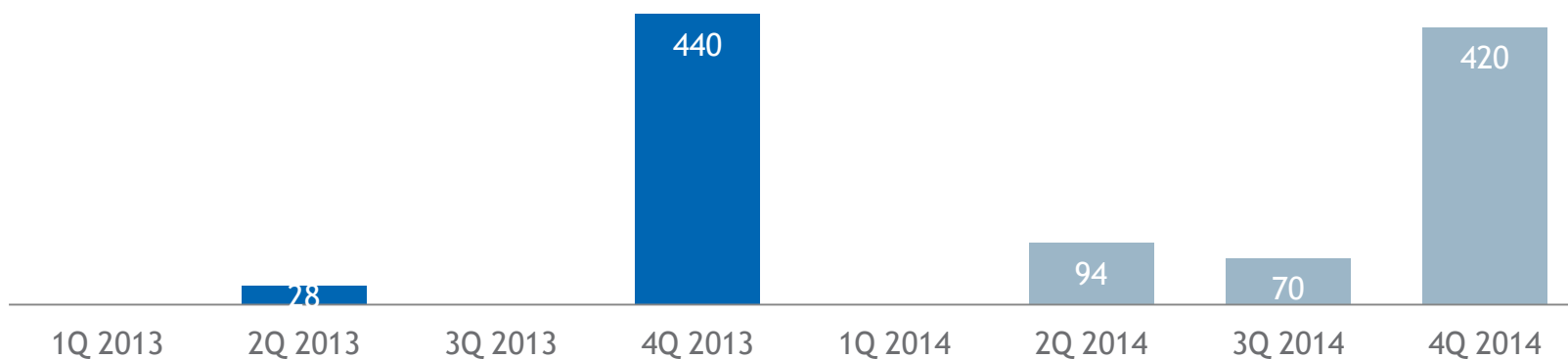
(3) Excluding land acquisition costs

Construction programme

Construction programme, ths sqm of NSA



Quarterly deliveries, ths sqm of NSA



Source: Company estimates

Summary of 2014 planned deliveries

Project deliveries breakdown for 2014

	Project	Region	NSA to be delivered in 2014, ths sqm
1	Emerald Hills	MMA	131
2	Molodejny	SPMA	112
3	Rechnoy	SPMA	110
4	Tsar's Capital	SPMA	106
5	Swallow's Nest	SPMA	82
6	Galant	SPMA	38
7	Etalon City	MMA	5
	Total		584

Source: Company estimates

Emerald Hills

- Planned 2014 deliveries: 131 ths sqm
- Total NSA of project: 862 ths sqm



Molodejny

- Planned 2014 deliveries: 112 ths sqm
- Total NSA of project: 112 ths sqm



Rechnoy

- Planned 2014 deliveries: 110 ths sqm
- Total NSA of project: 110 ths sqm



Tsar's Capital

- Planned 2014 deliveries: 106 ths sqm
- Total NSA of project: 390 ths sqm



Swallow's Nest

- Planned 2014 deliveries: 82 ths sqm
- Total NSA of project: 334 ths sqm



Galant

- Planned 2014 deliveries: 38 ths sqm
- Total NSA of project: 49 ths sqm



Etalon City

- Planned 2014 deliveries: 5 ths sqm
- Total NSA of project: 430 ths sqm



Appendix

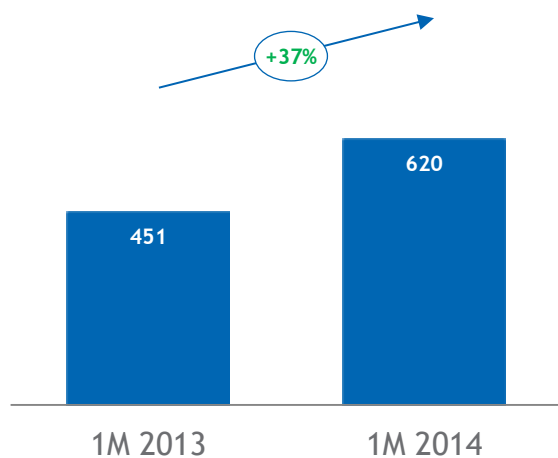


Operating Results

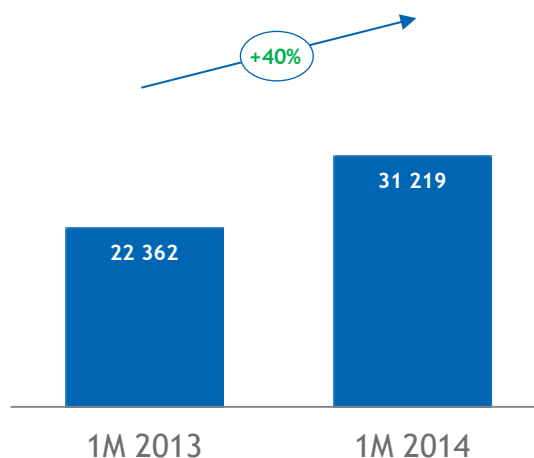


Record 1M 2014 new contract sales

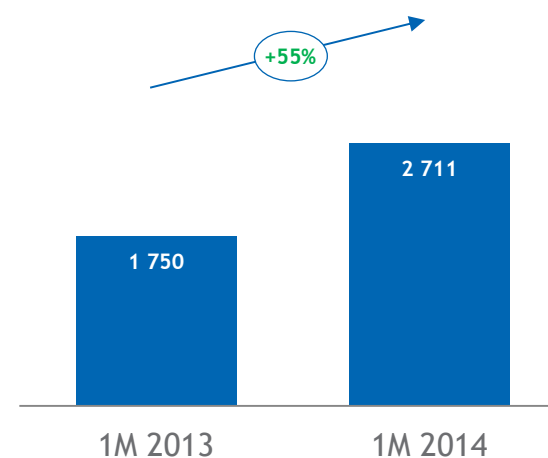
Number of contracts



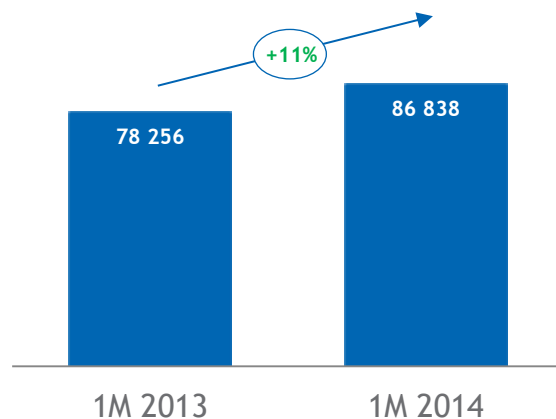
New contract sales, sqm



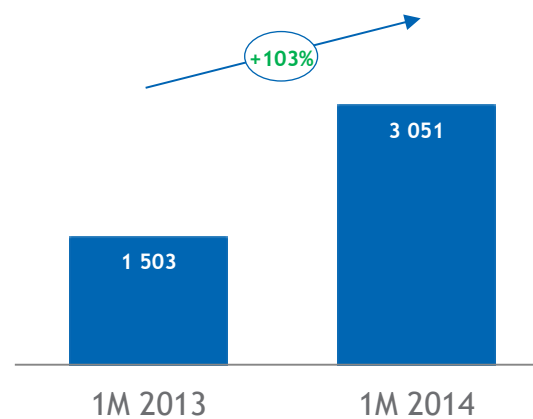
New contract sales, mln RUB



Average price, RUB/sqm



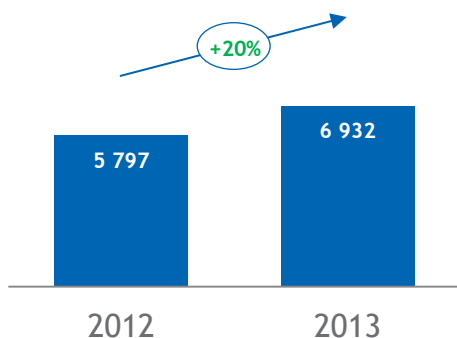
Cash collections, mln RUB



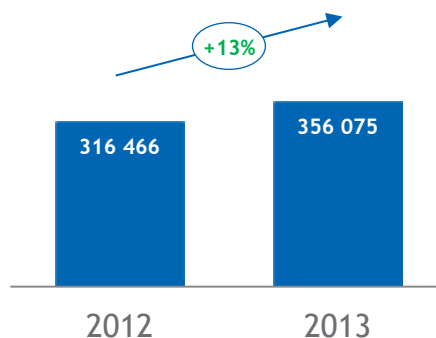
Source: Company data

Strong operating results in FY 2013

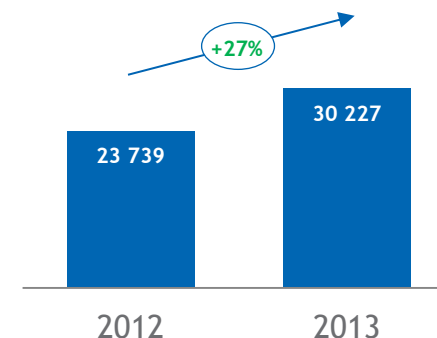
Number of contracts



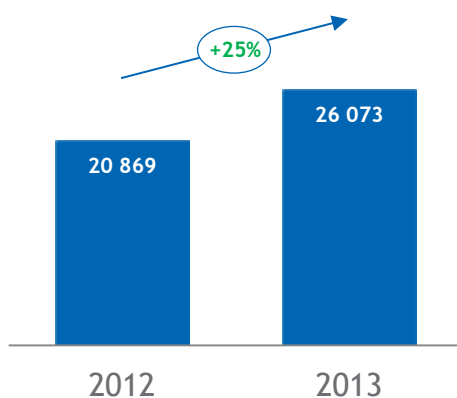
New contract sales, sqm



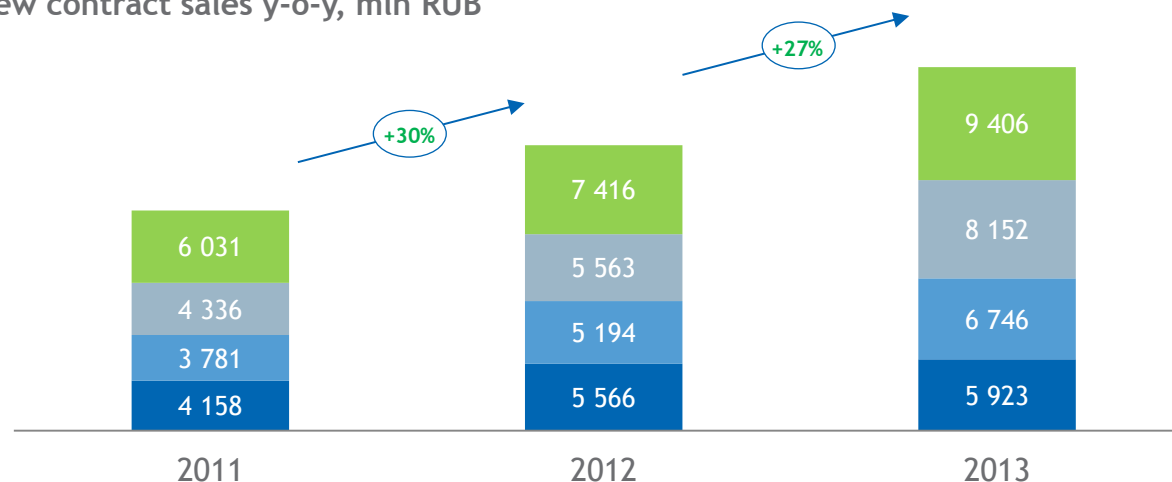
New contract sales, mln RUB



Cash collections, mln RUB



New contract sales y-o-y, mln RUB

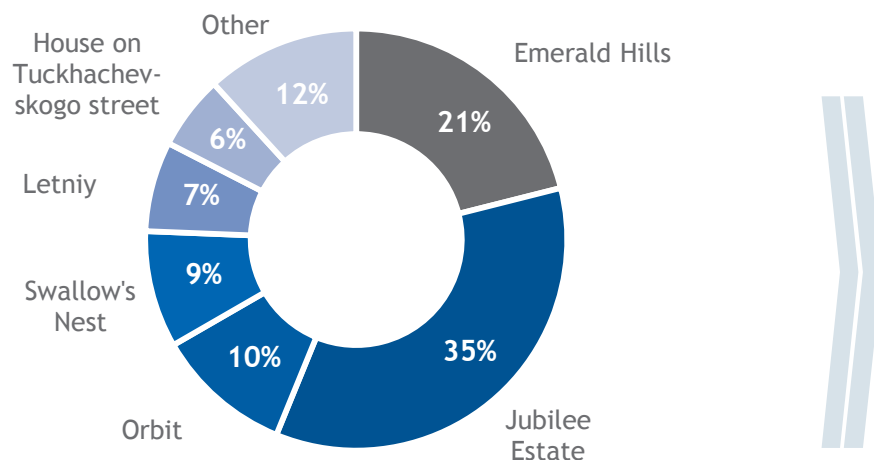


Source: Company data

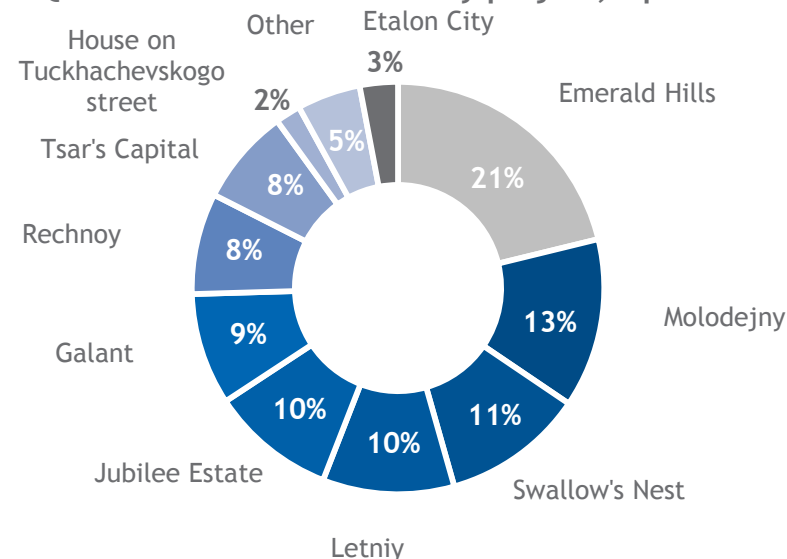
■ 1Q ■ 2Q ■ 3Q ■ 4Q

Better product mix drives new contract sales in 2013

4Q 2012 New contract sales by project, sqm



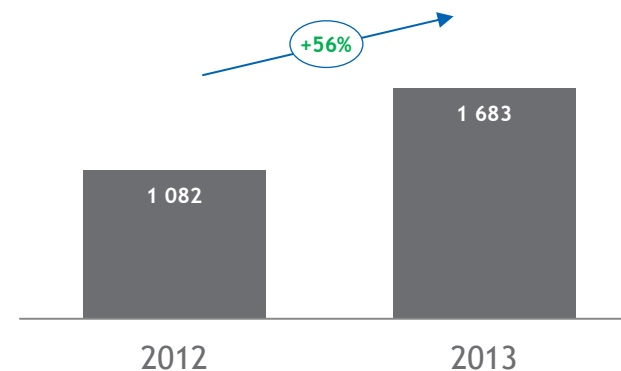
4Q 2013 New contract sales by project, sqm



Significant portfolio diversification with growing share of prime location projects

- Share of Tsar's Capital, Galant and Etalon City projects up from 17% in 3Q 2013 to 20% in 4Q 2013
- Galant was launched in 2Q 2013 and already accounted for 5% of sales in 3Q, increasing to 9% in 4Q 2013
- Etalon City (flagship project in Moscow, launched at the end of August) sales increased by 2 p.p. in 4Q 2013 vs. 3Q 2013

Number of MMA contracts



Source: Company data

At a glance



At a glance

Presence in rapidly growing markets

- Focus on middle class residential real estate in Moscow metropolitan area (MMA) and St. Petersburg metropolitan area (SPMA)
- 25% target CAGR for construction volumes over 2010-2016⁽¹⁾

Strong delivery track record

- Over 26 years of construction & development experience
- 3.9 mln sqm commissioned
- 31% CAGR for deliveries over 2010-2013⁽²⁾

True vertical integration

- Strategic vertical integration in key value-added segments of property development enables the Company to control costs, quality and timing
- 4,000 employees
- Country-wide sales network covering 36 cities

Diversified projects portfolio

- Land bank of 3.44 mln sqm⁽³⁾
- Land bank sufficient until 2018
- 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 with Net debt of just USD 6 mln⁽⁴⁾
- Credit rating by S&P: B+/Stable/B+⁽⁵⁾

Corporate governance

- 9 BoD members, 4 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 15% to 30% of IFRS net profit semi-annually

⁽¹⁾ Company expectations;

⁽²⁾ Company operating results;

⁽³⁾ Jones Lang LaSalle land bank valuation report as of 31.12.2013;

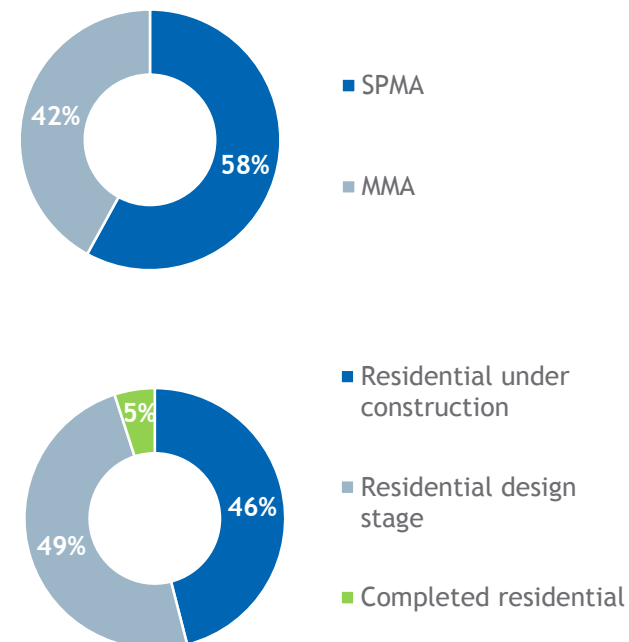
⁽⁴⁾ Audited financial statements as of 31.12.2013;

⁽⁵⁾ 'B+' long-term & 'B+' short-term corporate credit ratings of SSMO LenSpetsSMU with 'Stable' outlook (last reconfirmed on 29.07.2013).

⁽⁶⁾ Jones Lang LaSalle land bank valuation report as of 31.12.2013

LSE ticker	ETLN:LI
Share price	USD 3.87 (19.03.2014)
Market capitalization	USD 1,130 mln (19.03.2014)
Portfolio valuation (by Jones Lang LaSalle)	USD 2,727 mln (31.12.2013)

Portfolio composition ⁽⁶⁾

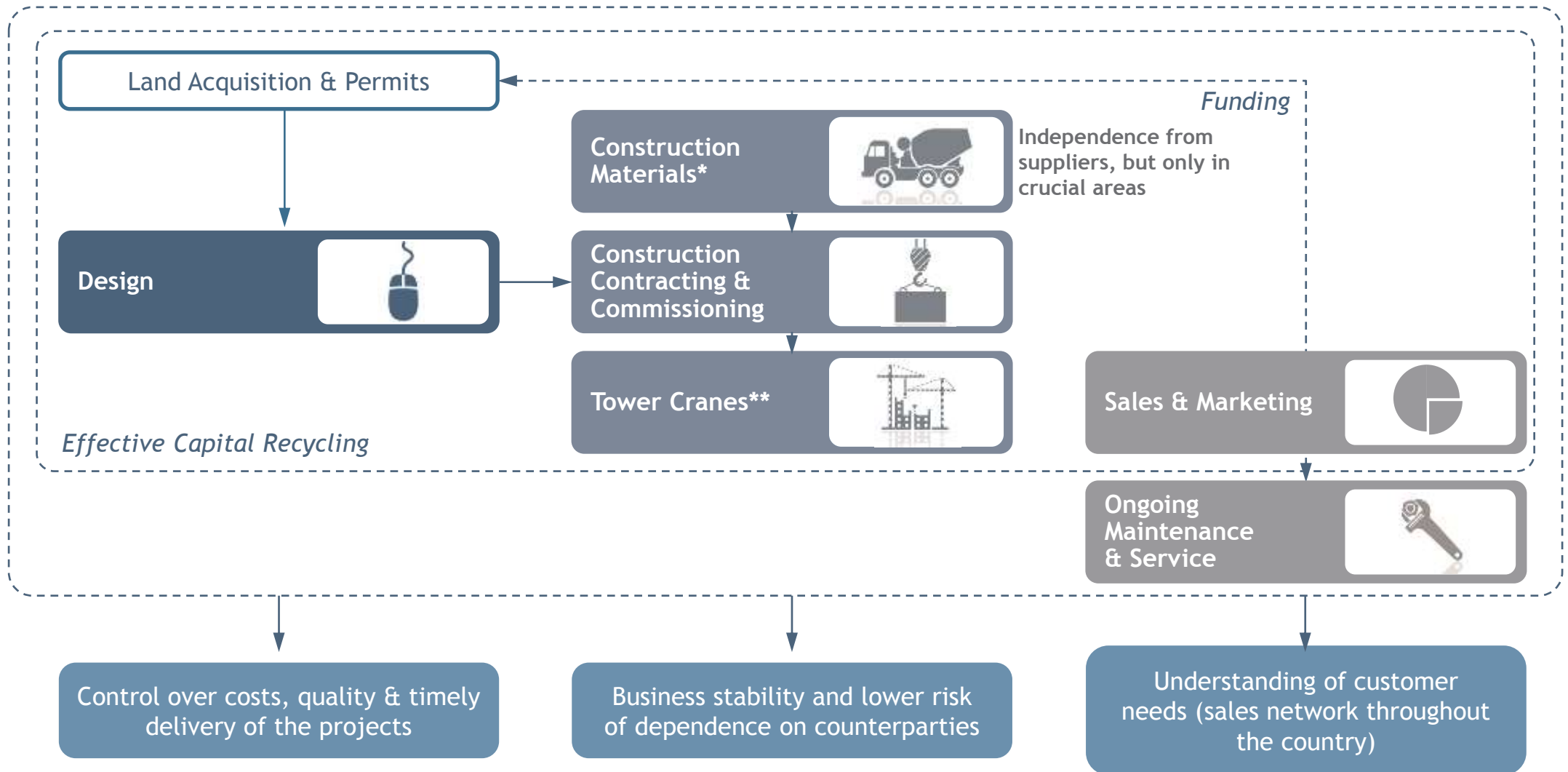


Strategic vertical integration: control over costs, quality and timing

Etalon Group operates in every part of property development process

> 40 business units

> 4,000 people



* Brick plant and concrete products plant. Own production only for "bottleneck" construction materials

** 60 Liebherr tower cranes. Data as of 31.10.2013

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 sales force is focused on the regions with the largest income per capita
- Key markets: SPMA and MMA
- 36 cities covered with 13 sales offices in St. Petersburg and 14 more sales offices nationwide
- External professional marketing and sales service agents engaged nationwide

⁽¹⁾Source: company data for the 4Q 2013

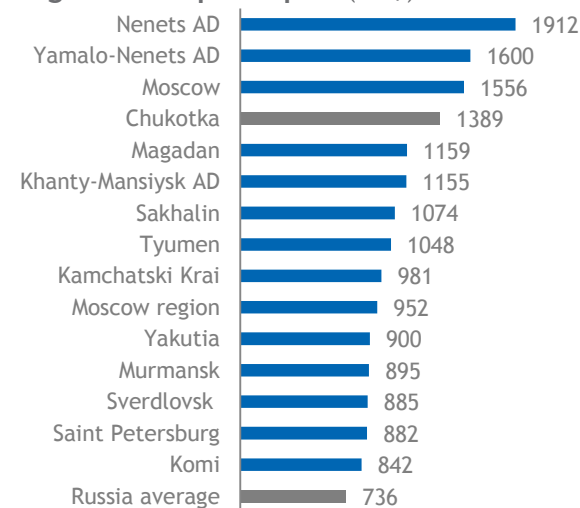
⁽²⁾Average monthly cash income per capita, Rosstat data as of FY12, average USD/RUB fx rate in 2012 31.07

Etalon Group's regional sales geography⁽¹⁾

Region	Share of total contracts
Leningrad	5.4%
Khanty-Mansiysk AD	3.2%
Krasnoyarsk	2.2%
Habarovsk Krai	1.6%
Yakutia	1.6%
Magadan	1.6%
Murmansk	1.6%
Yamalo-Nenets AD	1.5%
Other Russian regions	16.6%
Foreigners	0.4%
Total:	35.7%

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

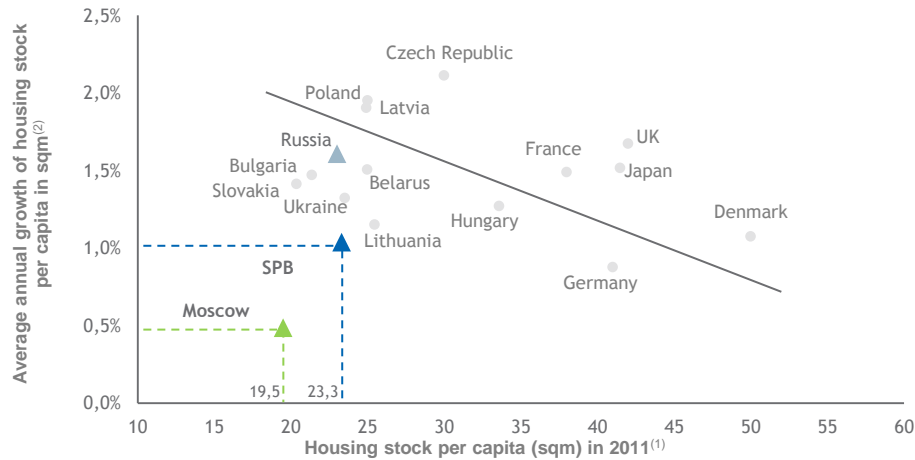
Average income per capita (US\$)⁽²⁾



■ Etalon Group's target regions

Underpenetrated residential real estate market in Moscow and St. Petersburg has great potential

Growth rate for Moscow and St. Petersburg housing stock over last 7 years lags well behind other European countries, indicating huge potential for growth



Population growth in Moscow and SPb has significantly outpaced delivery of new housing stock, while disposable income growth has also outpaced real estate prices, improving affordability and indicating significant potential demand

City / region	Population '13 (mln)	Cumulative growth '03-13	Monthly disposable income '12 (USD)	Cumulative growth '09-12 (RUB)
Moscow	12.0	+16.6%	1,566	+52.2%
Moscow region	7.0	+6.6%	956	+55.9%
Moscow and region (MMR)	19.0	+12.7%	1,348	+54.2%
SPB	5.0	+7.2%	895	+64.0%
SPB region	1.8	+4.7%	577	+55.0%
SPB and region (SSR)	6.8	+6.6%	818	+63.1%
Other regions with Etalon sales offices(3)	13.9	(1.4%)	956	+41.7%
Russia	143.3	(1.6%)	742	+55.1%

Note: Average USD/RUB FX rates for 2011 and 2012: 29.4 and 31.1, accordingly; average EUR/USD FX rates for 2011 and 2012: 1.39 and 1.28, accordingly

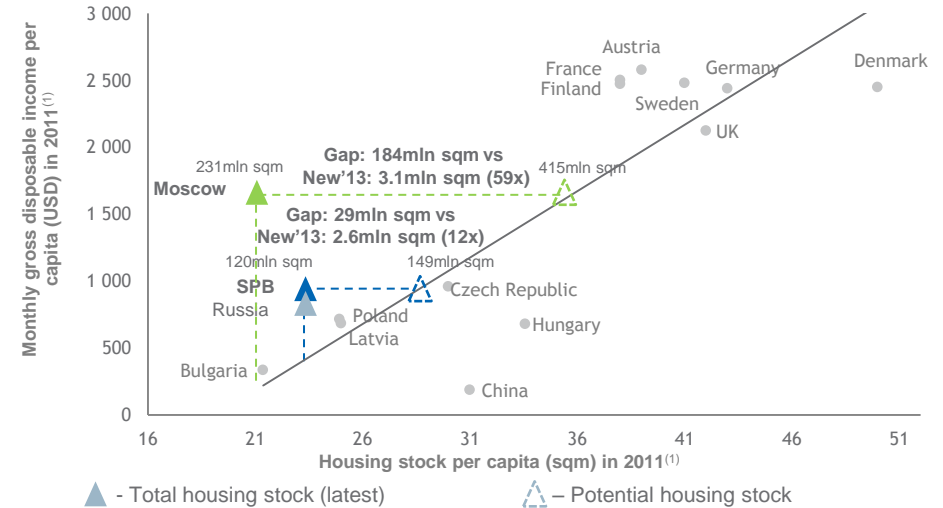
(1) 2012 data applied for Moscow

(2) Based on 2005-2011 data for Russia, SPB and SSR; 2005-2012 – for Moscow and MMR; for other countries - average growth rates for available periods

(3) Murmansk region, Krasnoyarsk region, Tyumen region, Khanty-Mansiyskiy autonomous district, Yakutia, Magadan region, Kamchatskiy krai, Khabarovkiy krai, Sakhalinsk region and Primorskiy krai

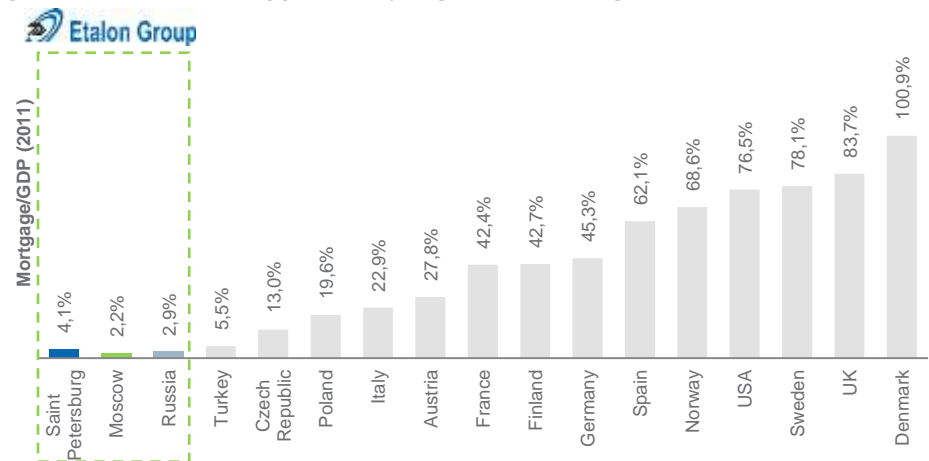
Source: Rosstat, AHML, UN, OECD, Eurostat, HelgiLibrary, World Bank, Turkish Statistical Institute, NBP, IRN, St. Petersburg Real Estate Bulletin

Residential stock in Moscow is disproportionately low for the population's disposable income levels



▲ - Total housing stock (latest) ▲ - Potential housing stock

Mortgage to GDP ratio illustrates significant underpenetration and huge potential for growth in demand supported by higher borrowing levels



Board of Directors represents interests of all investor groups

EXECUTIVE DIRECTORS



Viacheslav Zarenkov

Chairman of the Board of Directors,
Founding shareholder and President

Experience and awards

- 44 years of experience in construction industry
- Honoured builder of Russia⁽¹⁾

Education

- Institute of Civil Engineering and SPb University of the Internal Affairs
- PhD in Economics, PhD in Technical Sciences, PHD in Architecture, Professor



Dmitri Zarenkov

Vice-President

Experience and awards

- 17 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 and SPb University of Internal Affairs
- PhD in Engineering



Anton Evdokimov

Chief Executive Officer

Experience and awards

- 27 years of experience in construction industry
- Certificate of Honour of the Ministry of Regional Development of Russia

Education

- Leningrad Engineering Construction Institute, SPb State University and International Banking Institute, Open University Business School (MSc in International finance, MBA in business strategy)

NON-EXECUTIVE DIRECTORS



Anton Poriadine

INED

Experience and awards

- 10 years of experience in strategy consulting at A.T. Kearney. Partner and Vice President at A.T. Kearney
- Previously project manager at Barents International Markets B.V., Corporate Development and Project Finance Director at Torno Internazionale S.p.A., deputy General Manager of St. Petersburg Foundation for Enterprise Development

Education

- St. Petersburg Technical University and Business School at the University Of Rochester



Boris Svetlichny

Chief Financial Officer

Experience and awards

- Over 25 years experience in finance and senior management with international and Russian companies
- Recent experience included CFO position at Orange in Russia, VP for Finance at Vimpelcom and CFO at Golden Telecom

Education

- University of Massachusetts (BBA in Accounting)
- Carnegie-Mellon University (MBA)



Kirill Bagachenko

Head of Corporate Investments and IR

Experience and awards

- Over 8 years' experience in corporate finance and asset management
- Previously held position of senior equity portfolio manager at TKB BNP Paribas Investment Partners
- In 2013 voted one of the top three portfolio managers in Russia by Thomson Reuters Extel Survey

Education

- St. Petersburg State University of Economics and Finance



Michael John Calvey

Senior partner at Baring Vostok since 1999

Experience and awards

- Member of the board of Europlan, Volga Gas, Gallery Media Group, etc.
- 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



Alexey Kalinin

Senior partner at Baring Vostok

Experience and awards

- With Baring Vostok since 1999
- Worked at Alfabank and Alfa Capital
- Chairman of the Board of Directors at Volga Gas, member of the board of directors at Samarenergo and two Russian glass companies

Education

- Moscow Power Engineering University
- PhD in Engineering



Martin Cocker

INED

Experience and awards

- 16 years of experience in audit, 3 years - in construction industry
- Runs his own development business in Portugal
- Worked at Deloitte & Touche, KPMG and Ernst & Young in Russia, Kazakhstan and UK

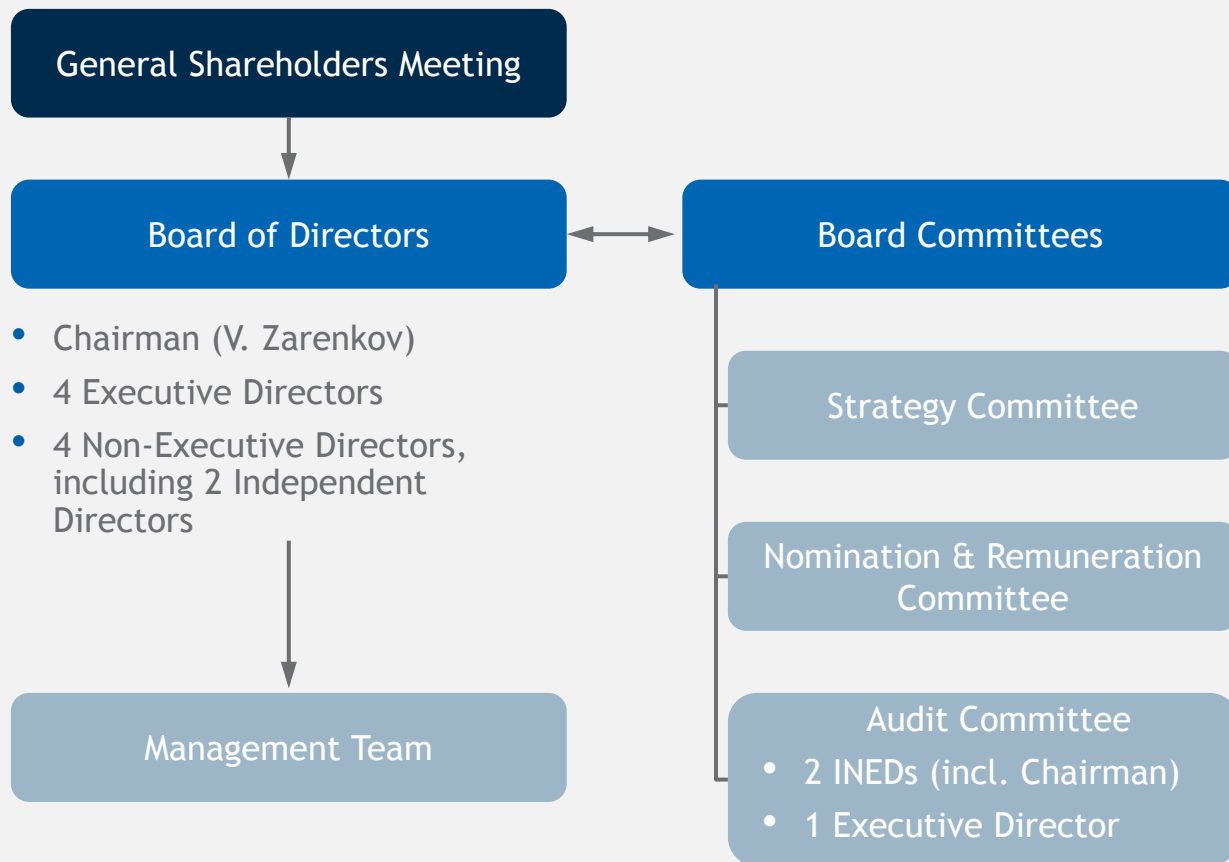
Education

- University of Keele

⁽¹⁾ Title granted by President of Russia

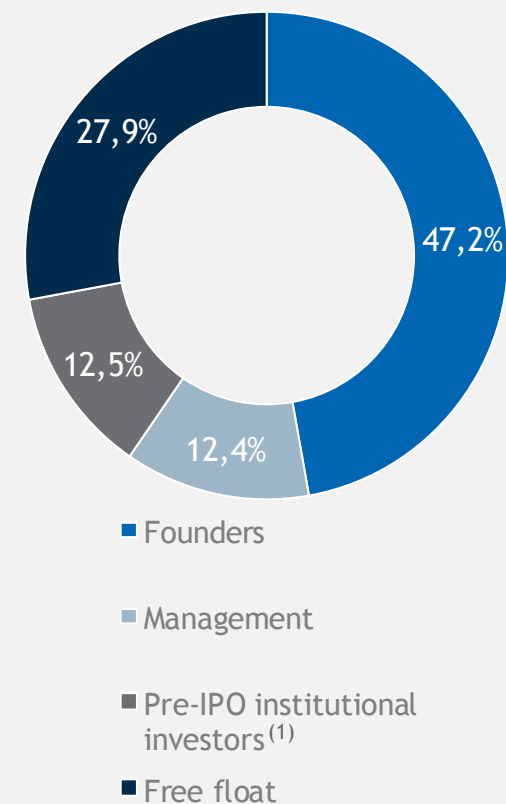
Strong corporate governance and shareholding structure

Corporate governance structure



Source: Company data

Shareholding structure

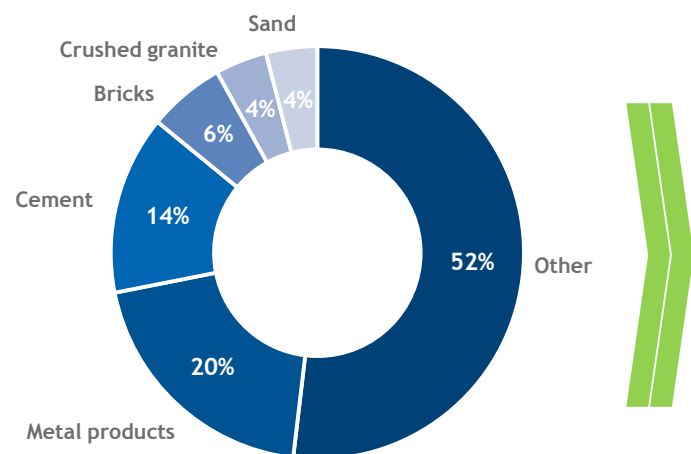


As of 15 April 2011

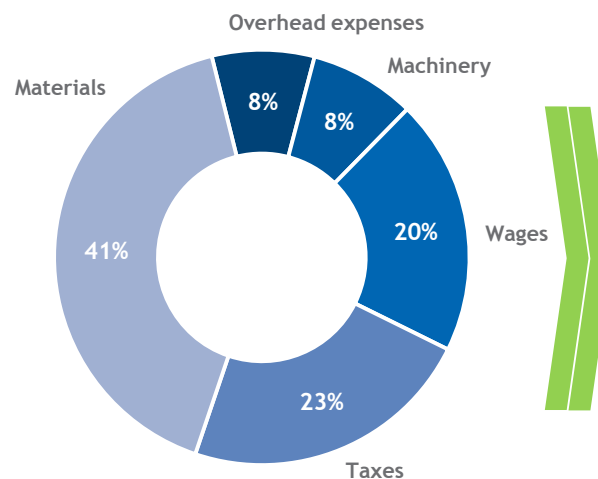
⁽¹⁾ including Baring Vostok

Typical project cost structure

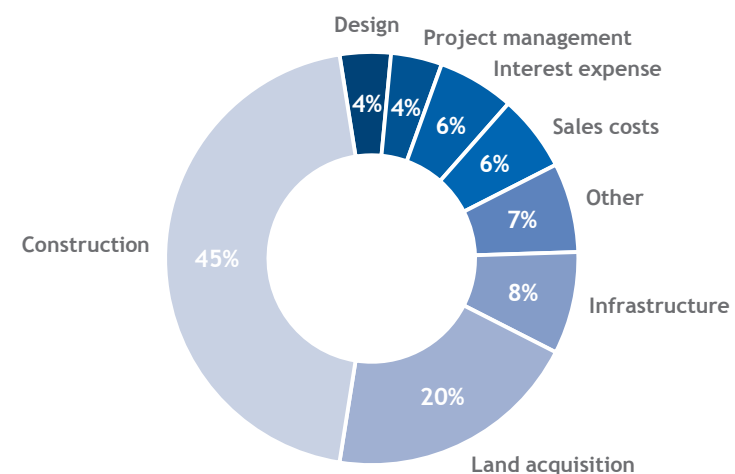
Materials cost structure *
(USD 375 - 550 per sqm of NSA)



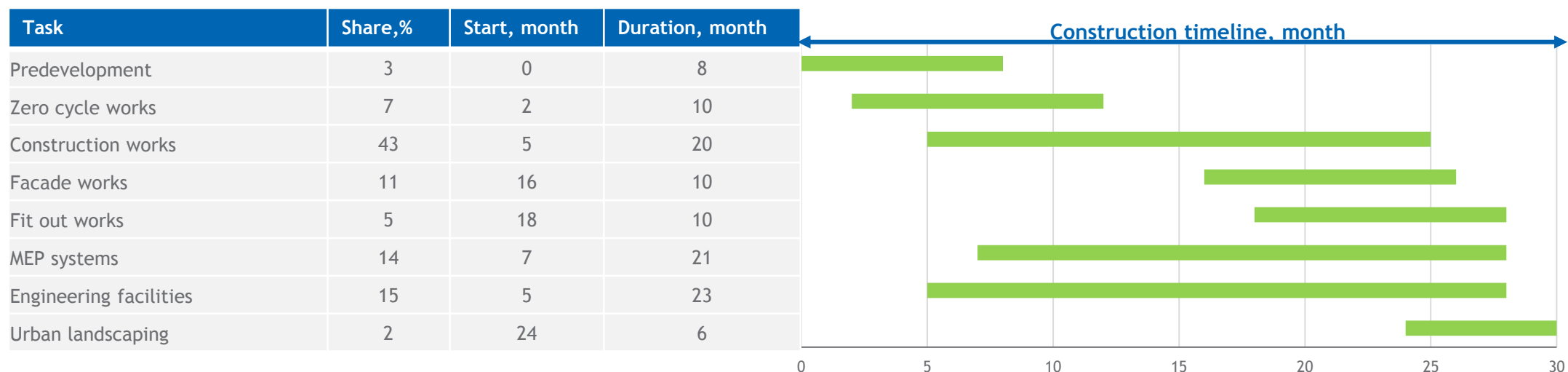
Construction cost structure *
(USD 900 - 1,200 per sqm of NSA)



Total cost structure *
(USD 1,800 - 2,200 per sqm of NSA)

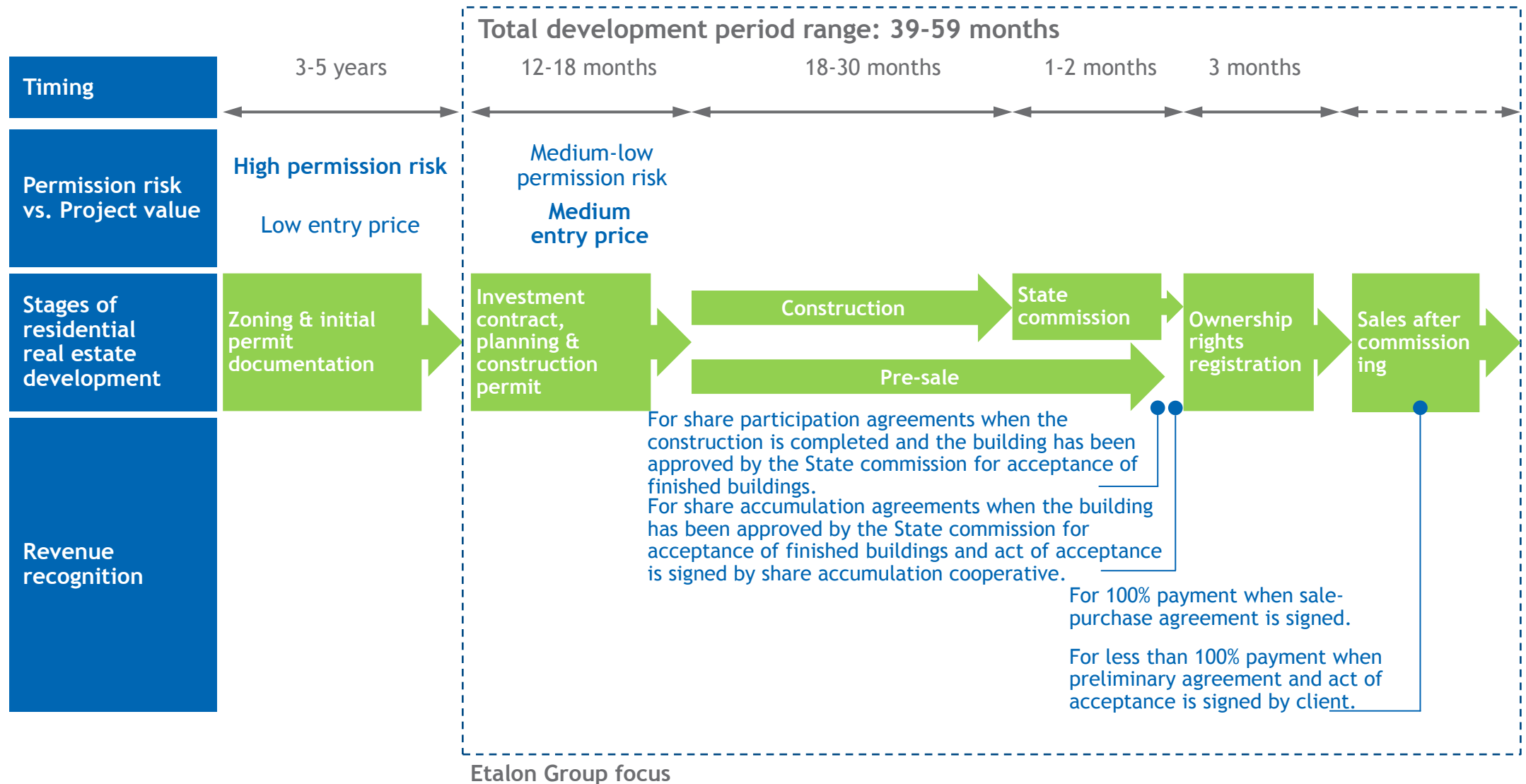


Typical project lifecycle*



*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.

Residential development scheme



Source: Company data

Construction services

Description

- Etalon Group is a leader in industrial construction in the North-West region of Russia with superb track record throughout its history

Track-record

- We have contributed to 15 milestone projects
- Heat & power station, two hotels, four car assembly plants, shipyards, machinery plant, fitness and sports center etc.

Strategy

- 12 projects under way
- Etalon Group plans to continue developing its industrial construction operations and maintain its share in total business

Diversification benefits

- Ability and expertise to provide quality construction services to well-known international and local companies facilitates Group's brand development
- Allows to maintain skilled work force during market downturn

Selected key projects



Toyota

Poling and gridding



Ford

Design & construction (increase of production capacities)



GM

Poling & road infrastructure construction



Nissan

Infrastructure & site for the finished good



Admiralty Shipyards

Construction of workshop & transportation utilities



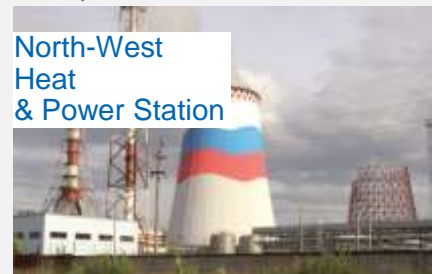
Pulkovo customs

Full construction cycle



ExpoForum

Full construction cycle



North-West Heat & Power Station

Foundation construction for a cooling tower and main building



Almazov Medical Complex

Renovation of the existing building and building up two additional floors

Financial analysis

Income statement

mIn RUR	2010	2011	2012	2013
Revenue	20,316	22,741	26,894	39,921
Cost of sales	(11,078)	(11,888)	(17,494)	(27,553)
Gross profit	9,238	10,853	9,400	12,368
General and administrative expenses	(2,047)	(2,328)	(2,324)	(3,157)
Selling expenses	(589)	(854)	(958)	(1,023)
Other expenses, net	(177)	(27)	(209)	(40)
Results from operating activities	6,425	7,644	5,909	8,148
Finance income	284	1,441	749	691
Finance costs	(667)	(60)	(132)	(342)
Net finance income (costs)	(383)	1,381	617	349
Share of profit of equity accounted investees (net of income tax)	-	-	-	-
Profit before income tax	6,042	9,025	6,526	8,497
Income tax expense	(1,355)	(1,585)	(1,526)	(1,833)
Profit for the period	4,687	7,440	5,000	6,664
<i>Profit attributable to:</i>				
Owners of the Company	4,628	7,332	4,979	6,629
Non controlling interest	59	108	21	35
Profit for the period	4,687	7,440	5,000	6,664

Source: audited consolidated IFRS accounts for 2010, 2011, 2012, 2013

Balance sheet

mIn RUR	2010	2011	2012	2013
Assets				
Non-current assets				
PP&E	1,660	2,009	2,380	1,962
Investment property	-	-	-	1,142
Other long-term investments	39	88	60	275
Trade and other receivables	904	551	433	1,332
Deferred tax assets	263	679	434	560
Other non-current assets	33	92	11	10
Total non-current assets	2,899	3,419	3,318	5,281
Current assets				
Inventories	25,651	32,047	41,522	50,057
Trade and other receivables	3,964	7,473	11,058	15,078
Short-term investments	341	1,327	6,870	5,008
Cash and cash equivalents	3,636	14,484	10,716	8,139
Other current assets	58	34	32	7
Total current assets	33,650	55,365	70,198	78,289
Total assets	36,549	58,784	73,516	83,570

mIn RUR	2010	2011	2012	2013
Equity and Liabilities				
Equity				
Share capital	1,952	14,980	14,967	14,967
Retained earnings	10,157	17,704	22,688	29,332
Total equity attributable to equity holders of the Company	12,109	32,684	37,655	44,299
Non-controlling interest	459	372	408	387
Total equity	12,568	33,056	38,063	44,686
Non-current liabilities				
Long-term debt	6,702	8,456	12,811	10,176
Long-term trade and other payables	261	48	980	785
Provision	81	77	65	89
Deferred tax liabilities	40	98	226	826
Total non-current liabilities	7,084	8,679	14,082	11,876
Current liabilities				
Loans and borrowings	1,424	1,950	3,825	3,043
Trade and other payables	14,284	13,539	16,966	22,300
Provisions	1,189	1,560	580	1,665
Total current liabilities	16,897	17,049	21,371	27,008
Total equity and liabilities	36,549	58,784	73,516	83,570

Source: audited consolidated IFRS accounts for 2010, 2011, 2012, 2013

Cashflow statement

mIn RUR	2010	2011	2012	2013
Operating Activities				
Profit for the period	4,687	7,440	5,000	6,664
<i>Adjustments for</i>				
Depreciation and amortisation	286	265	417	343
Gain/(loss) on disposal of PP&E	(1)	(92)	(49)	(15)
Loss on disposal of subsidiaries	5	1	28	-
Gain/(loss) on disposal of other investments	-	(24)	-	-
Finance income (cost), net	490	(1,425)	(544)	(337)
Income tax expense	1,355	1,585	1,526	1,833
Cash from operating activities before changes in working capital	6,822	7,750	6,378	8,488
Change in inventories	1,520	(5,308)	(7,633)	(7,837)
Change in accounts receivable	(201)	(2,893)	(3,024)	(5,080)
Change in accounts payable	(6,659)	(818)	4,074	4,880
Change in provisions	(736)	367	(992)	1,109
Change in other current assets	(33)	24	3	25
Income tax paid	(1,083)	(1,897)	(1,833)	(907)
Interest paid	(814)	(1,098)	(1,097)	(1,724)
Net cash provided by operating activities	(1,184)	(3,873)	(4,124)	(1,046)

mIn RUR	2010	2011	2012	2013
Investing Activities				
Proceeds from disposal of non-current assets	31	117	71	15
Interest received	93	140	552	611
Acquisition of PP&E	(329)	(726)	(844)	(431)
Loans given	(106)	(253)	(371)	(55)
Loans repaid	61	234	363	85
Acquisition of subsidiaries, net of cash acquired	9	-	-	10
Disposal of subsidiaries, net of cash disposed of	(37)	(17)	(8)	(20)
Acquisition of other investments	(277)	(1,027)	(5,506)	1,606
Net cash used in investing activities	(555)	(1,532)	(5,743)	1,821
Financing activities				
Proceeds from IPO	-	13,487	-	-
Acquisition of non-controlling interest	(97)	(3)	(3)	(10)
Proceeds from disposal of non-controlling interest	-	24	-	-
Proceeds from borrowings	10,794	6,353	12,140	5,937
Repayments of borrowings	(8,620)	(4,821)	(5,552)	(9,668)
Acquisition of own shares	-	(459)	(13)	-
Dividends paid	(38)	-	-	-
Net cash (used in) from financing activities	2,039	14,581	6,572	(3,741)
Net increase (decrease) in cash and cash equivalents	300	9,176	(3,295)	(2,966)
Cash & cash equivalents at the end of the period	3,636	14,484	10,716	8,139

Source: audited consolidated IFRS accounts for 2010, 2011, 2012, 2013

EBITDA calculation

EBITDA				
mln RUB	2010	2011	2012	2013
Comprehensive income	4,687	7,440	5,000	6,664
Income tax expense	1,355	1,585	1,526	1,833
Interest expense on loans and finance leases	602	10	7	233
Net foreign exchange loss	65	(1,168)	125	109
Interest income on bank deposits	(89)	(140)	(543)	(583)
Interest income on loans and receivables	(4)	(6)	(9)	(28)
Interest income on promissory notes	-	-	-	-
Gain on repurchase of CLNs	(9)	-	-	-
Bank fees and commissions	16	46	67	80
Interest in COS	-	169	341	779
Depreciation	286	265	417	343
EBITDA	6,909	8,201	6,931	9,430

	2010	2011	2012	2013
Depreciation to COGS (Note 14 PP&E)	242	239	385	292
Depreciation to selling expenses (Note 14 PP&E)	2	1	1	1
Depreciation to G&A (Note 14 PP&E)	42	25	31	39
Depreciation to Investment property (Note 15 Investment property)	-	-	-	11

Working capital calculation

Working capital calculation				
mln RUB	2010	2011	2012	2013
Total inventory	25,651	32,047	41,522	50,057
Current part				
+ Trade and other receivables	3,964	7,473	11,058	15,078
- Trade and other payables	14,284	13,539	16,966	22,300
- Provisions	1,189	1,560	580	1,665
Non-current part				
+ Trade and other receivables	904	551	433	1,332
- Trade and other payables	261	48	980	785
- Provisions	81	77	65	89
Adjustments				
- Cumulative borrowing costs capitalized during the period (Note 12 Finance income and finance costs)	320	1,482	2,725	4,092
+ Cumulative borrowing costs that have been included into the cost of sales (Note 12 Finance income and finance costs)	-	169	510	1,289
-Income tax receivable (Note 19 Trade and other receivables)	56	72	310	103
+Income tax payable (Note 26 Trade and other payables)	367	447	7	248
Working capital	14,695	23,909	31,904	38,970

FCF calculation

FCF calculation				
mIn RUB	2010	2011	2012	2013
Comprehensive income	4,687	7,440	5,000	6,664
Adjustment for:				
Depreciation	286	265	417	343
Gain on disposal pf PP&E	(1)	(92)	(49)	(15)
Loss on disposal of subsidiaries	5	1	28	-
Gain on disposal of equity accounted investees	-	(24)	-	-
Finance income, net	490	(1,425)	(544)	(337)
Income tax expense	1,355	1,585	1,526	1,833
Income tax paid	(1,083)	(1,897)	(1,833)	(907)
Interest paid	(814)	(1,098)	(1,097)	(1,724)
<i>(Increase)/Decrease in working capital</i>	(6,109)	(8,628)	(7,572)	(6,903)
<i>(Increase)/Decrease in invested capital</i>	(298)	(609)	(773)	(416)
FCF	(1,482)	(4,482)	(4,897)	(1,462)
(Increase)/Decrease in working capital based on CF statement	2010	2011	2012	2013
Change in inventories	1,520	(5,308)	(7,633)	(7,837)
Change in accounts receivable	(201)	(2,893)	(3,024)	(5,080)
Change in accounts payable	(6,659)	(818)	4,074	4,880
Change in provisions	(736)	367	(992)	1,109
Change in other current assets	(33)	24	3	25
Working capital change	(6,109)	(8,628)	(7,572)	(6,903)
(Increase)/Decrease in invested capital based on CF statement	2010	2011	2012	2013
Acquisition of pp&e	(329)	(726)	(844)	(431)
Proceeds from disposal of non-current assets	31	117	71	15
Invested capital change	(298)	(609)	(773)	(416)

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