

# FY 2018 FINANCIAL RESULTS

3 April 2019





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# SUMMARY

## REVENUE

+2%



72,327

MLN RUB

Consolidated revenue increased by 2% year-on-year to RUB 72,327 mln

## WORKING CAPITAL

-25%



46,546

MLN RUB

Net Working Capital optimised by 25% to RUB 46,546 mln

## FREE CASH FLOW

+14,429



14,672

MLN RUB

Free cash flow generated in 2018 increased by RUB 14,429 mln year-on-year to RUB 14,672 mln

## NET CASH

2,154

MLN RUB

Etalon Group had a net cash position of RUB 2,154 mln at the end of 2018

# CONTENTS

1/ FINANCIAL RESULTS 03

2/ SELECTED PROJECTS 14

3/ APPENDIX 27





# FINANCIAL RESULTS



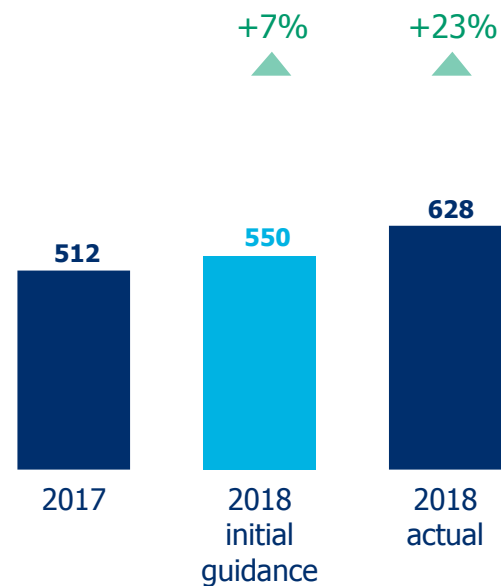
# FY 2018 OPERATING RESULTS ANALYSIS



ETALON DELIVERED RECORD RESULTS  
ACROSS ALL KEY METRICS IN FY 2018

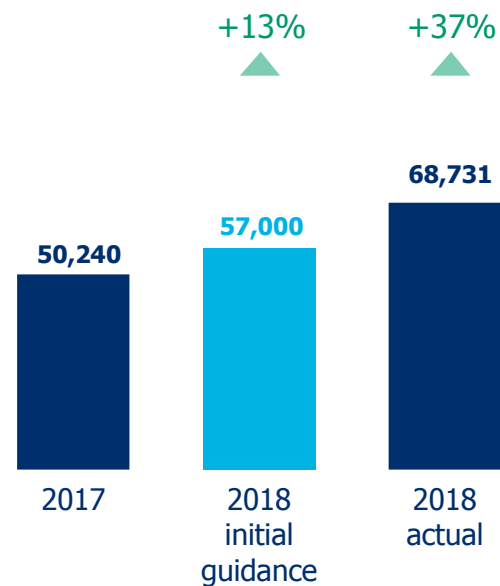
## NEW CONTRACT SALES

ths sqm



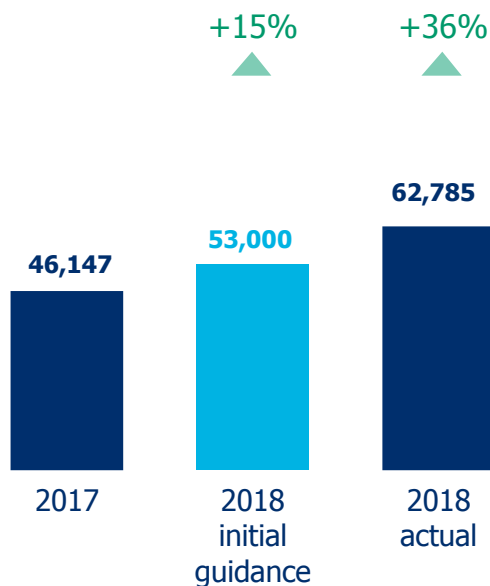
## NEW CONTRACT SALES

mln RUB



## CASH COLLECTIONS

mln RUB



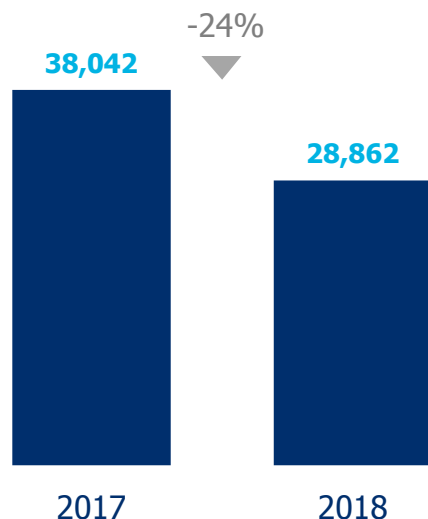
# FY 2018 DEVELOPMENT REVENUE ANALYSIS



TOTAL REVENUE IN OUR CORE RESIDENTIAL DEVELOPMENT BUSINESS LINE INCREASED BY 6%

## RESIDENTIAL DEVELOPMENT REVENUE RECOGNISED AT A POINT OF TIME

mln RUB

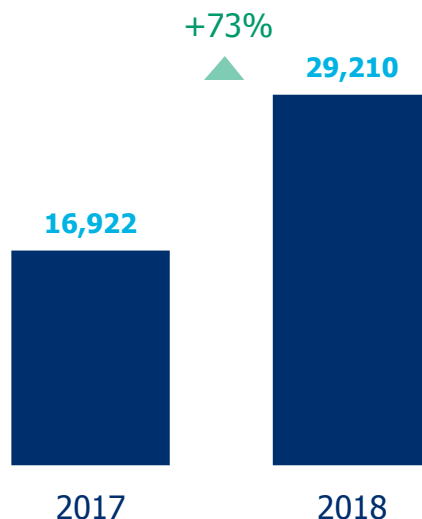


The decline in revenue recognised at a point of time (from completed property and recognised under previous approach) is driven by the **lower share of completed properties sold in 2018 and the shift to the new IFRS standard**

Source:  
IFRS financial statements

## RESIDENTIAL DEVELOPMENT REVENUE RECOGNISED OVER TIME (UNDER IFRS 15)

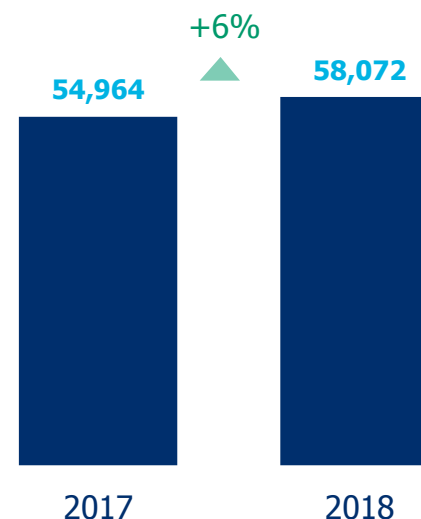
mln RUB



Residential development revenue recognised over time grew on the basis of **a significant increase in new contract sales of property at the early stage of the construction cycle in 2018 and the shift to the new IFRS standard**

## TOTAL RESIDENTIAL DEVELOPMENT REVENUE

mln RUB

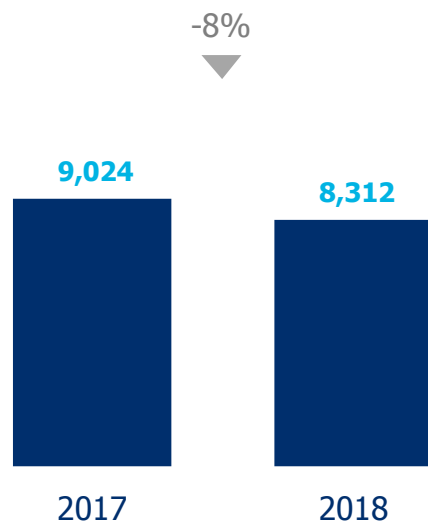


# FY 2018 REVENUE ANALYSIS



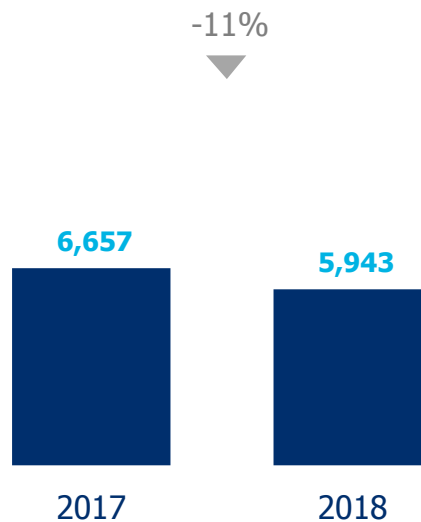
## CONSTRUCTION SERVICES REVENUE FROM THIRD PARTIES

mln RUB



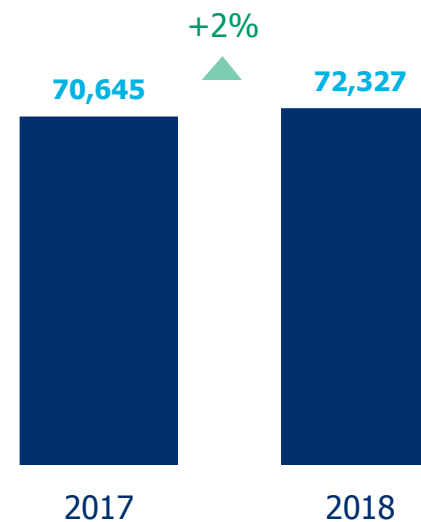
## OTHER REVENUE<sup>(1)</sup>

mln RUB



## CONSOLIDATED REVENUE

mln RUB



Source:  
IFRS financial statements

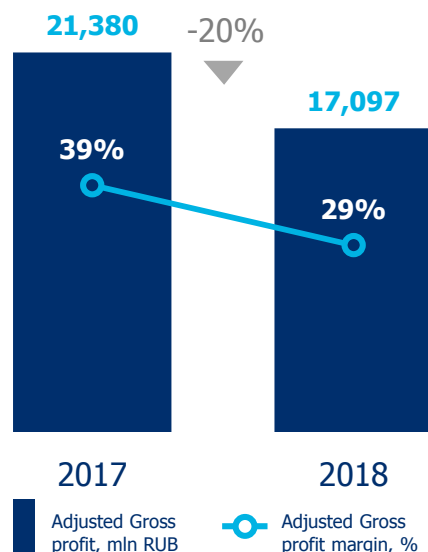
<sup>(1)</sup> Including revenue from selling construction materials, maintenance services, etc.



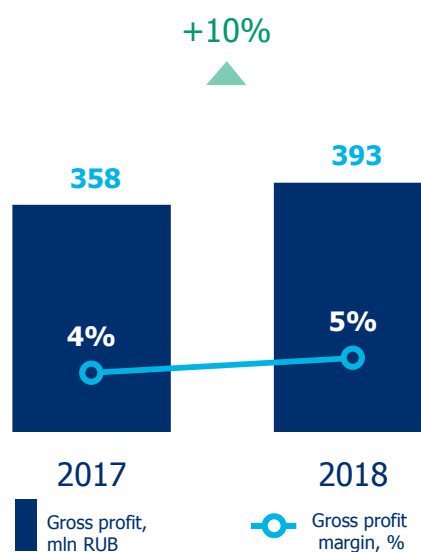
# FY 2018 GROSS PROFIT ANALYSIS



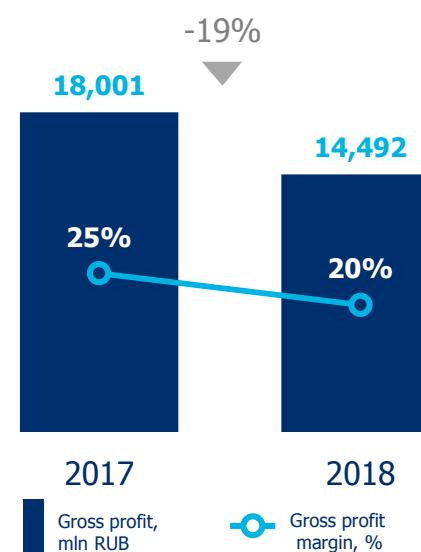
## RESIDENTIAL DEVELOPMENT ADJUSTED GROSS PROFIT<sup>(1)</sup> mln RUB



## CONSTRUCTION SERVICES GROSS PROFIT mln RUB



## CONSOLIDATED GROSS PROFIT mln RUB



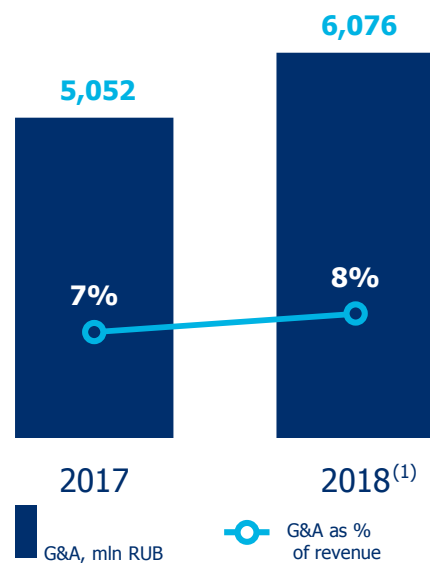
Residential development and consolidated gross profit for the year were impacted by **recognition of a significant part of the overall costs related to installation of utilities and other infrastructure allocated to the first stages of the projects** and required for large-scale development projects (Galactica and Silver Fountain)

# FY 2018 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES



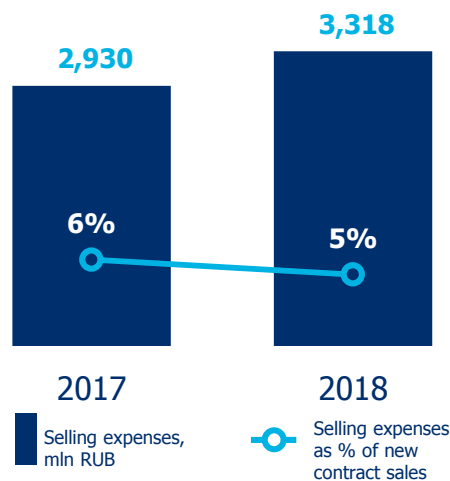
## GENERAL AND ADMINISTRATIVE EXPENSES

mln RUB



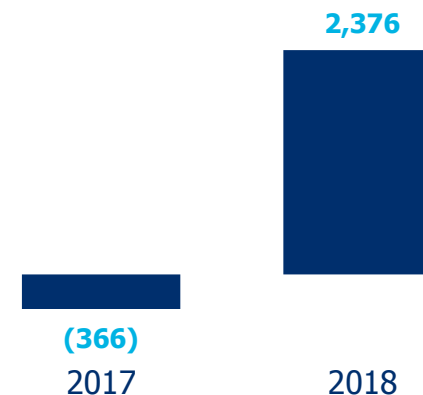
## SELLING EXPENSES

mln RUB



## OTHER EXPENSES (INCOME)

mln RUB



Source:  
IFRS financial statements

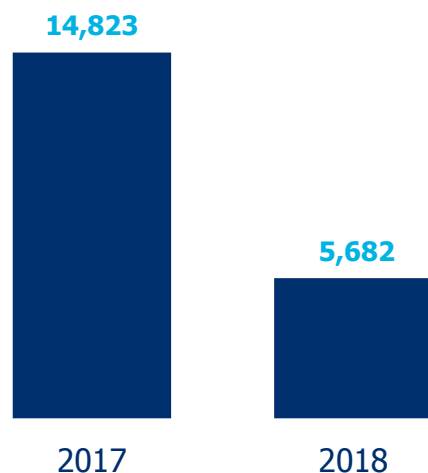
<sup>(1)</sup> G&A expenses with elimination of non-cash effect from equity-settled share-based payment

# EBITDA AND NET INCOME ANALYSIS

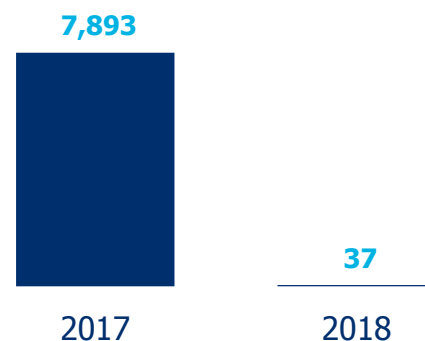


NET INCOME IMPACTED BY NON-CASH ITEMS AND RECOGNITION OF COSTS RELATED TO INSTALLATION OF UTILITIES AND OTHER INFRASTRUCTURE

**EBITDA**  
mln RUB<sup>(1)</sup>



**NET INCOME**  
mln RUB



The decrease in EBITDA and net income was the result of a temporary margin decrease in the main segment, as well as the negative impact of the following factors:

- **Non-cash** effect of impairment for social infrastructure (conservative position);
- **Non-cash** effect of the revenue discounting for parking installments;
- **Non-cash** effect of equity-settled share-based payments;
- **One-off** severance payments for managers who left the Company in 2018.



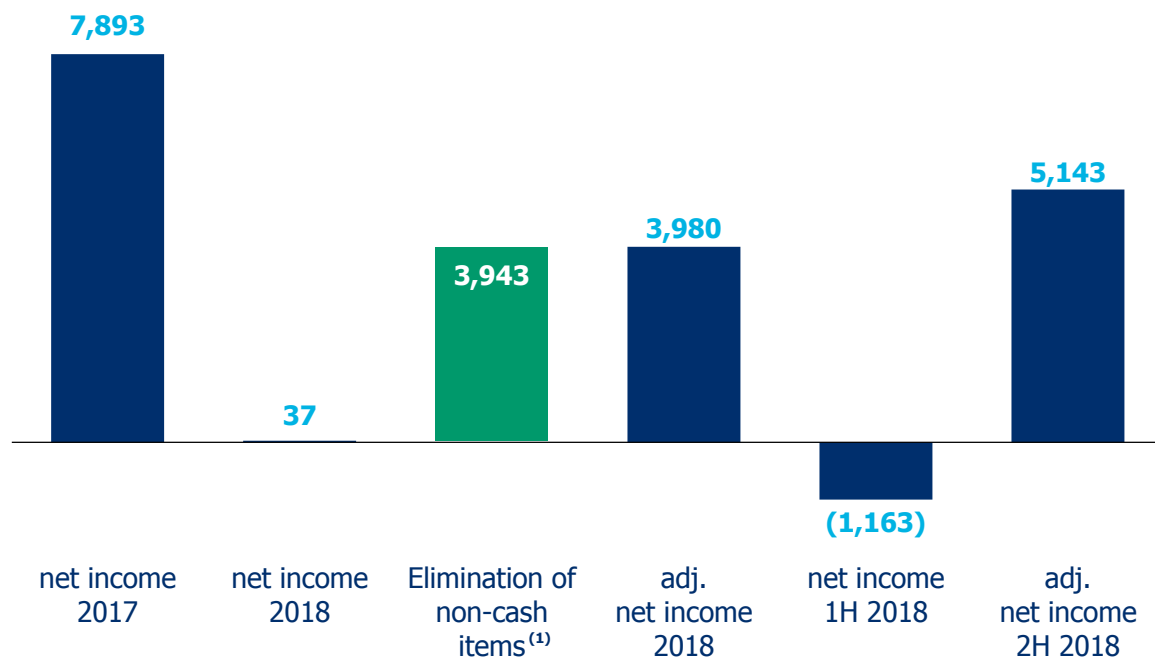
# NET INCOME ANALYSIS



DURING 2018 THE COMPANY TOOK A HIGHLY CONSERVATIVE APPROACH TO RECOGNITION OF ITEMS THAT COULD POTENTIALLY HAVE A NEGATIVE EFFECT ON FUTURE FINANCIAL RESULTS

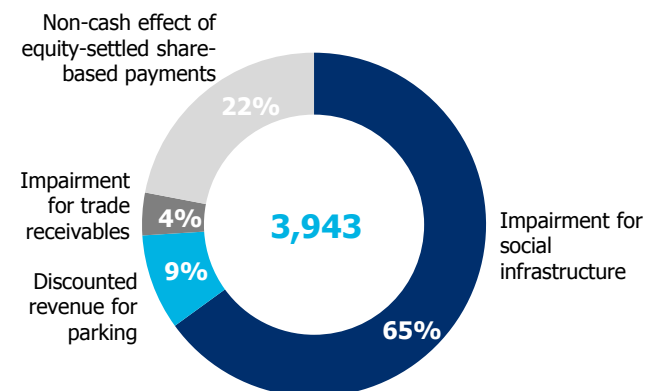
## FY AND 2H 2018 ADJUSTED NET INCOME CALCULATION

mln RUB



## BREAKDOWN OF NON-CASH ITEMS

mln RUB



- Etalon Group's **Dividend Policy allows for dividend distribution based on adjusted net income**
- A final dividend for 2018 is subject to the recommendation of the Etalon Group Board of Directors and the final approval by the Company's shareholders at the Annual General Meeting

Source:  
IFRS financial statements  
and Company data

<sup>(1)</sup> Elimination of non-cash effects from equity-settled share-based payments, impairment for social infrastructure, methodology change for trade receivables impairment, application of IFRS 15 for revenue discounting of parking facilities

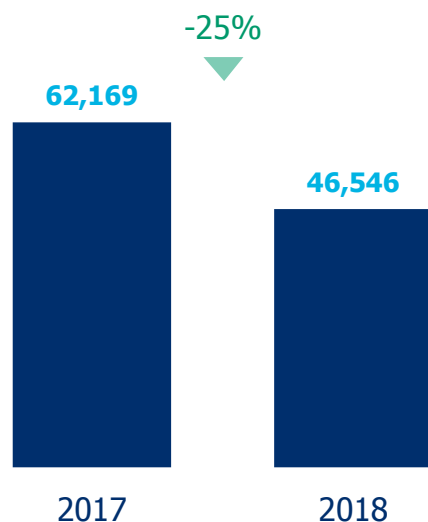
# WORKING CAPITAL AND CASH FLOW ANALYSIS



RECORD-HIGH OPERATING CASH FLOW THANKS TO EFFICIENT WORKING CAPITAL MANAGEMENT

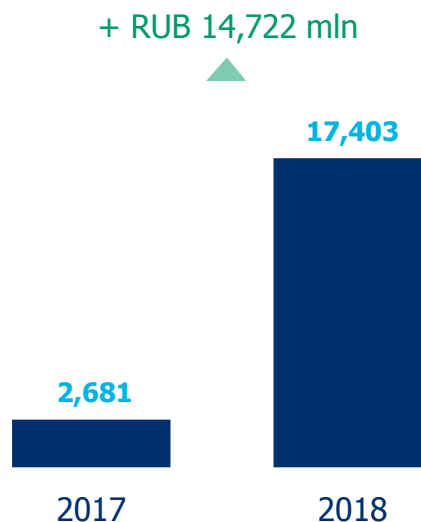
## WORKING CAPITAL<sup>(1)</sup>

mln RUB



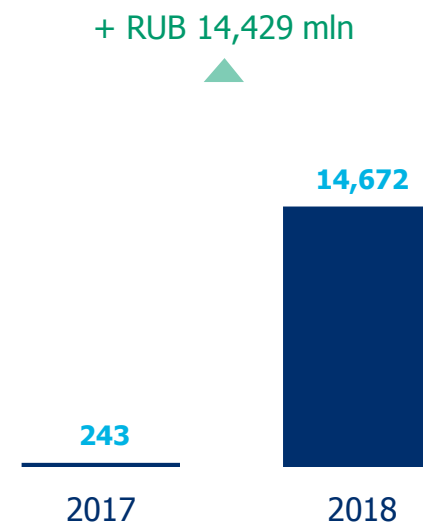
## OPERATING CASH FLOW<sup>(2)</sup>

mln RUB



## FREE CASH FLOW<sup>(3)</sup>

mln RUB



Source:  
IFRS financial statements

<sup>(1)</sup> Working capital calculated as inventory less trade and other payables and provisions plus trade and other receivables adjusted for borrowing costs capitalised during the period and income tax receivable plus borrowing costs that have been included into the cost of sales and income tax payable

<sup>(2)</sup> Operating cash flow less interest paid

<sup>(3)</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

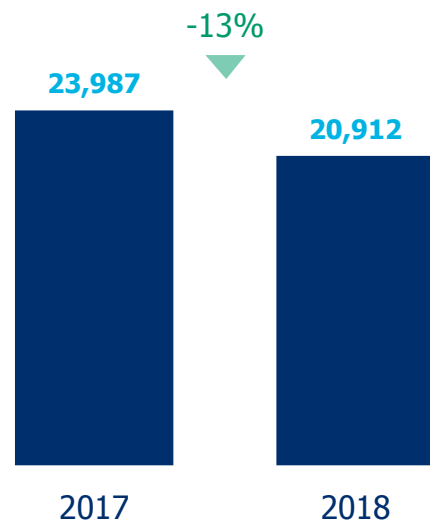
# MAINTAINING A STRONG BALANCE SHEET



DUE TO HEALTHY CASH FLOW GENERATION ETALON HAD A NET CASH POSITION

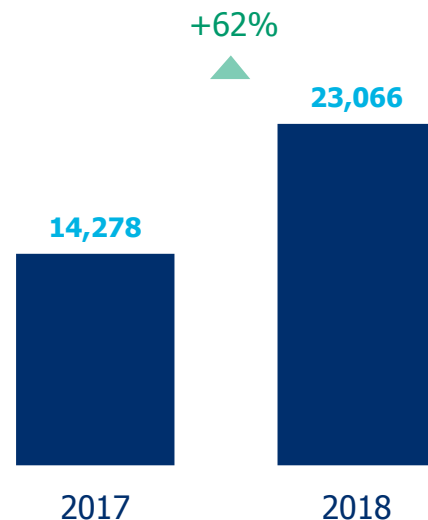
## TOTAL DEBT

mln RUB



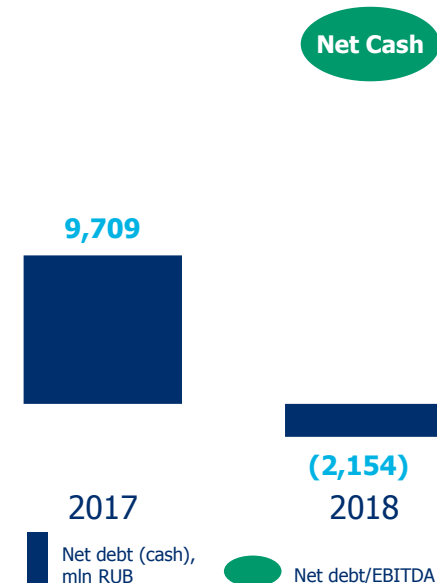
## CASH AND CASH EQUIVALENTS<sup>(1)</sup>

mln RUB



## NET DEBT (CASH)

mln RUB



- 100% of **debt denominated in RUB**
- **Average cost of borrowings declined** from 10.29% at the end of 2017 to **9.85%** at the end of 2018
- **S&P after the acquisition of Leader-Invest once again affirmed the long term global scale credit rating** of Etalon Group subsidiary Etalon LenSpetsSMU at B+ with a stable outlook<sup>(2)</sup>

Source:  
Company data

<sup>(1)</sup> Including bank deposits over 3 months

<sup>(2)</sup> As of 29.03.2019



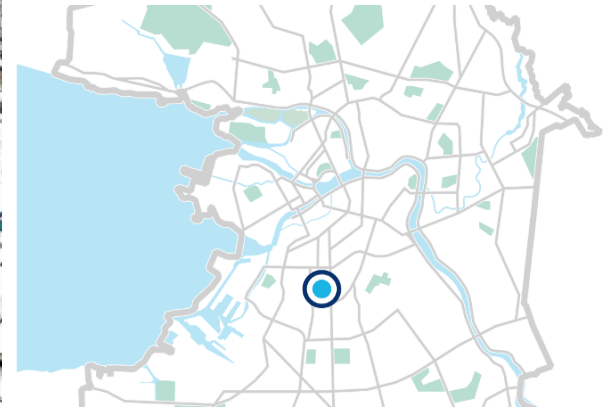
# SELECTED PROJECTS





MARCH 2019

DECEMBER 2018



Total NSA  
809 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 18,234 mln

Income from sales<sup>(1)</sup>  
RUB 74,907 mln

St Petersburg

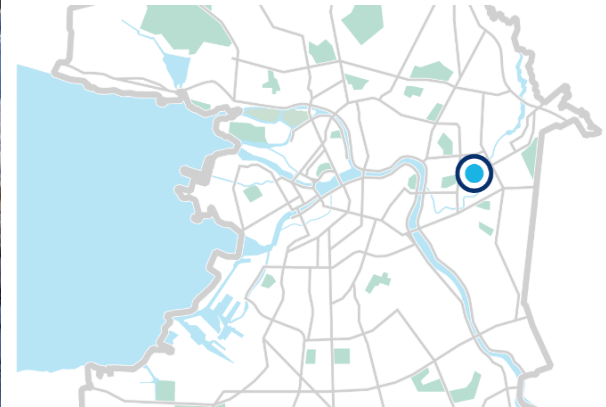
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# OKHTA HOUSE

MARCH 2019

DECEMBER 2018



Total NSA  
133 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 4,435 mln

Income from sales<sup>(1)</sup>  
RUB 15,951 mln

St Petersburg

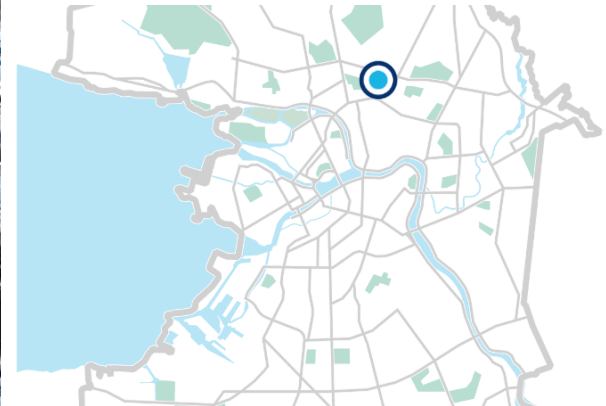
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# HOUSE ON BLYUKHERA

MARCH 2019

DECEMBER 2018



Total NSA  
105 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 2,233 mln

Income from sales<sup>(1)</sup>  
RUB 9,219 mln

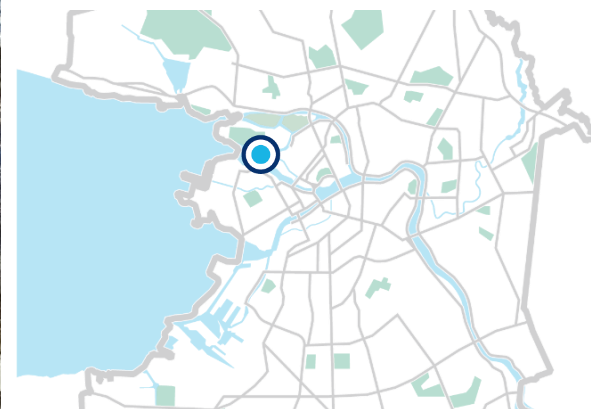
St Petersburg

<sup>(1)</sup> Knight Frank estimate as of 30.06.2018

# PETROVSKIY LANDMARK

MARCH 2019

DECEMBER 2018



Total NSA  
89 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 6,005 mln

Income from sales<sup>(1)</sup>  
RUB 17,982 mln

St Petersburg

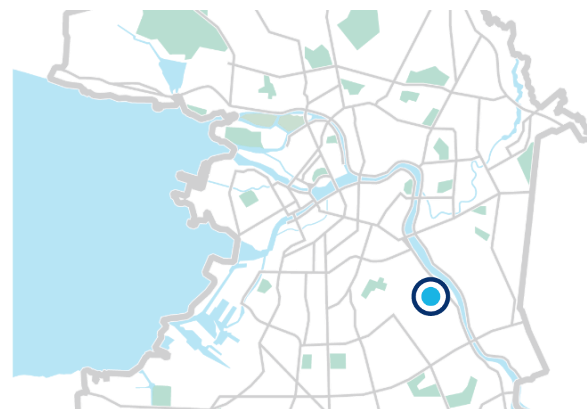
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# ETALON ON THE NEVA

MARCH 2019

VISUALISATION



Total NSA  
76 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 1,966 mln

Income from sales<sup>(1)</sup>  
RUB 6,409 mln

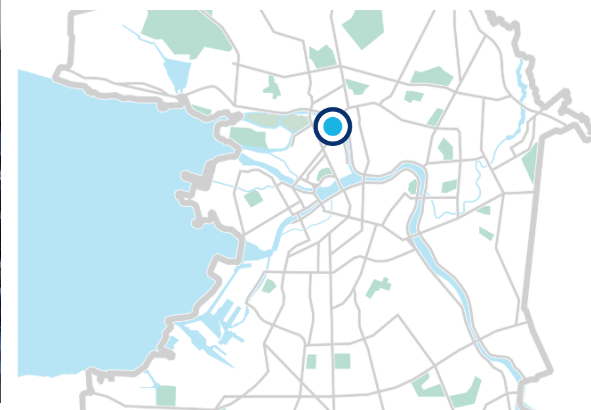
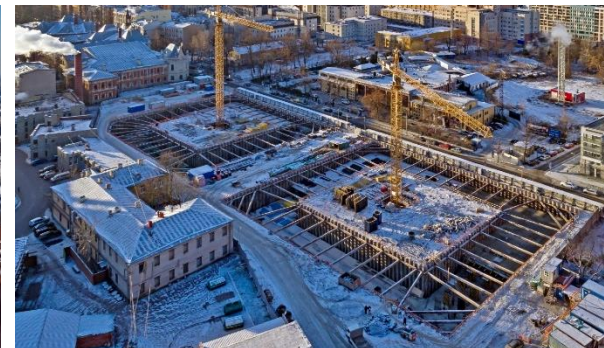
St Petersburg

<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



MARCH 2019

DECEMBER 2018



Total NSA  
47 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 1,866 mln

Income from sales<sup>(1)</sup>  
RUB 6,516 mln

St Petersburg

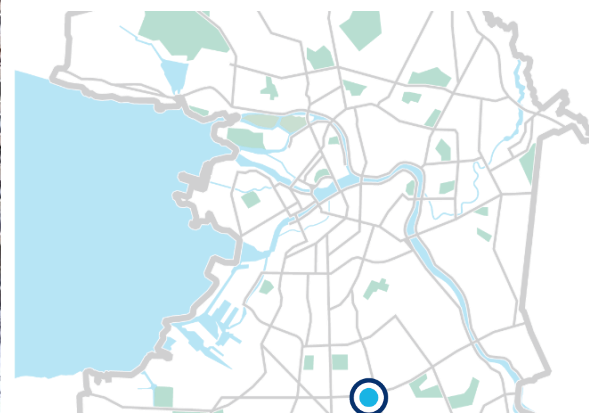
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# HOUSE ON KOSMONAVTOV

MARCH 2019

DECEMBER 2018



Total NSA  
27 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 944 mln

Income from sales<sup>(1)</sup>  
RUB 2,504 mln

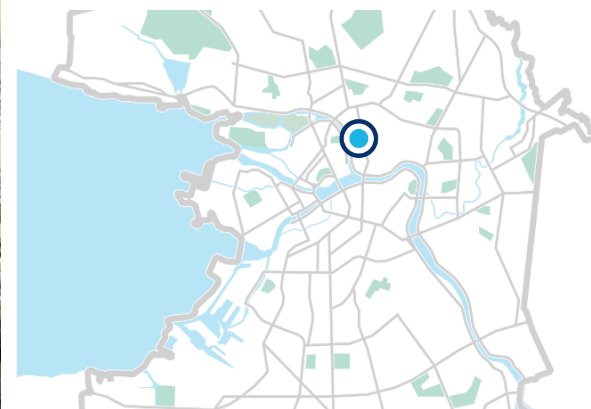
St Petersburg

<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



MARCH 2019

DECEMBER 2018



Total NSA  
14 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 740 mln

Income from sales<sup>(1)</sup>  
RUB 2,210 mln

St Petersburg

<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# EMERALD HILLS

MARCH 2019

DECEMBER 2018



Total NSA  
850 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 10,296 mln

Income from sales<sup>(1)</sup>  
RUB 60,069 mln

Moscow region

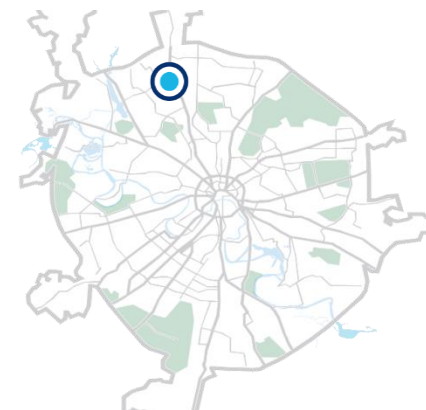
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# SUMMER GARDEN

MARCH 2019

DECEMBER 2018



Total NSA  
294 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 6,750 mln

Income from sales<sup>(1)</sup>  
RUB 33,447 mln

Moscow

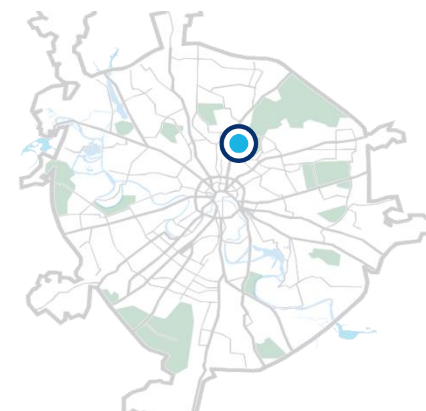
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# SILVER FOUNTAIN

MARCH 2019

DECEMBER 2018



Total NSA  
225 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 10,622 mln

Income from sales<sup>(1)</sup>  
RUB 43,917 mln

Moscow

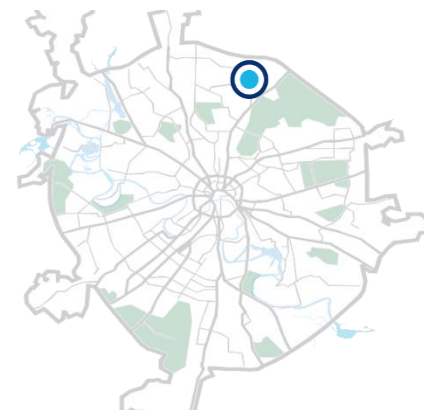
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# NORMANDY

MARCH 2019

DECEMBER 2018



Total NSA  
129 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 5,003 mln

Income from sales<sup>(1)</sup>  
RUB 14,730 mln

Moscow

<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# APPENDIX



# AT A GLANCE

## PRESENCE IN RUSSIA'S LARGEST MARKETS

- > Focus on middle class residential real estate in Moscow and St Petersburg
- > 11% CAGR for deliveries over 2010-2018<sup>(1)</sup>

## STRONG DELIVERY TRACK RECORD

- > Over 30 years of construction & development experience
- > 6.3 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 58 cities

## DIVERSIFIED PROJECTS PORTFOLIO

- > Land bank of 4.01 mln sqm<sup>(2)</sup>
- > Land bank sufficient until 2024
- > Projects well diversified by locations within both St Petersburg and Moscow

## LIQUIDITY AND CREDIT RATINGS

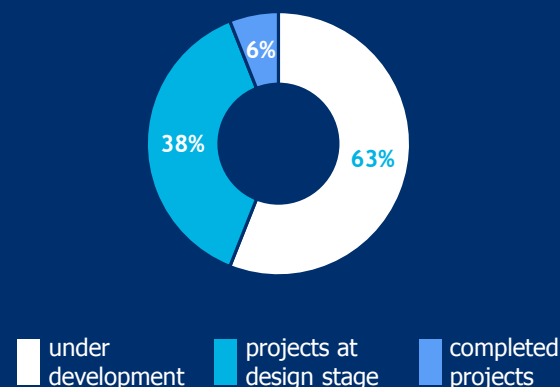
- > Secure liquidity position supported by solid cash generation and strict working capital management
- > Low leverage: Net Cash position of RUB 2.2 bln<sup>(3)</sup>
- > Credit rating by S&P: B+<sup>(4)</sup>

## CORPORATE GOVERNANCE

- > 10 BoD members, 6 Non-Executive Independent Directors
- > 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	1.82 (28.03.2019)
Market Capitalisation	USD 536.8 mln
Total Assets Value	RUB 200 bln <sup>(2)</sup>

## PROJECT PORTFOLIO COMPOSITION<sup>(2)</sup>



<sup>(1)</sup> Company operating results

<sup>(2)</sup> Including Leader-Invest projects, and minority interest of Sistema PJSFC of 49% in those projects

<sup>(3)</sup> IFRS Financial Statements for FY ended 31.12.2018

<sup>(4)</sup> 'B+' long-term corporate credit rating of Etalon LenSpetsSMU (last reconfirmed on 29.03.2019)



# ETALON'S OPERATIONS IN ST PETERSBURG AND MOSCOW AFTER THE ACQUISITION OF LEADER-INVEST



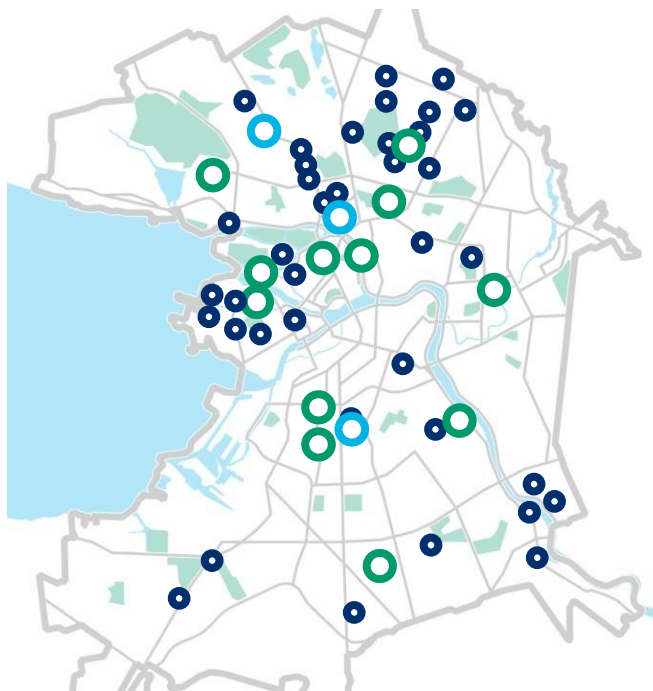
57 PROJECTS

4.0 MLN SQM  
UNSOLD NSA<sup>(1)</sup>

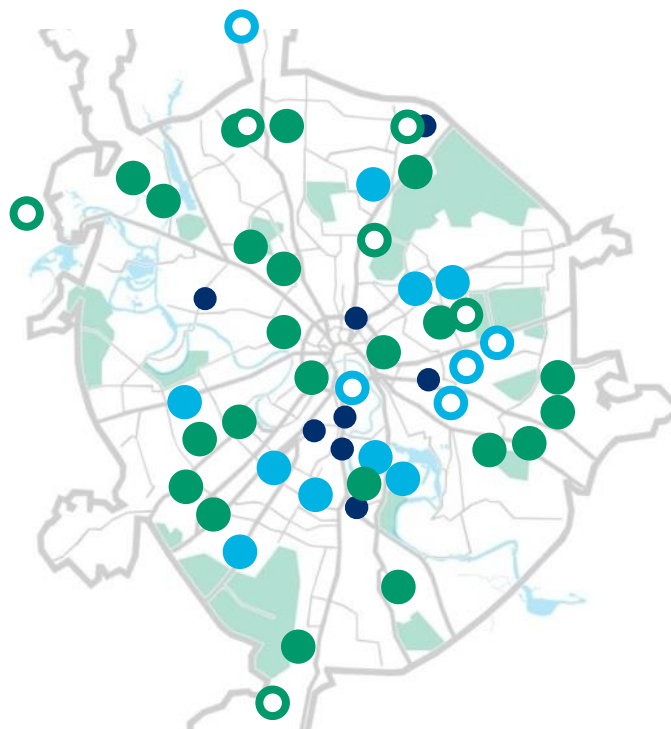
200 BLN RUB OPEN  
MARKET VALUE<sup>(1)</sup>

58 CITIES COVERED BY  
SALES NETWORK

## PROJECTS IN ST PETERSBURG



## PROJECTS IN MOSCOW



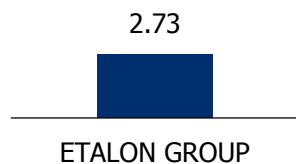
-  UNDER CONSTRUCTION
-  DESIGN STAGE
-  COMPLETED
-  ETALON BEFORE DEAL
-  NEW PROJECTS

<sup>(1)</sup> Including minority interest of Sistema PJSC of 49% in Leader-Invest projects

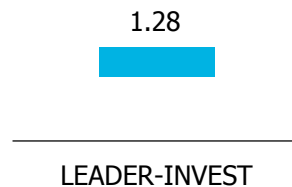
# LANDBANK DEVELOPMENT

UNSOLD NSA,  
MLN SQM

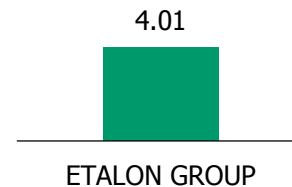
## ETALON GROUP



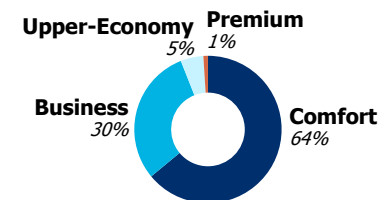
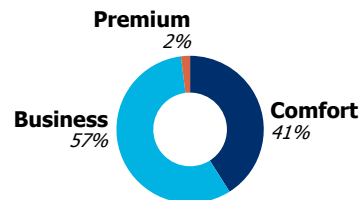
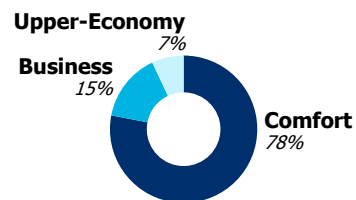
## LEADER-INVEST



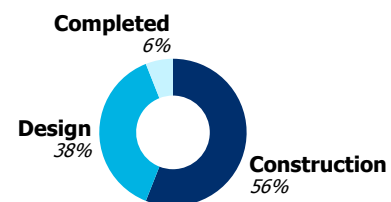
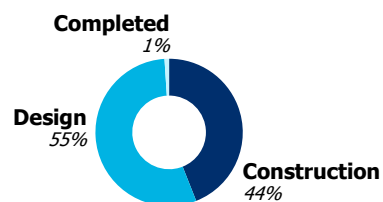
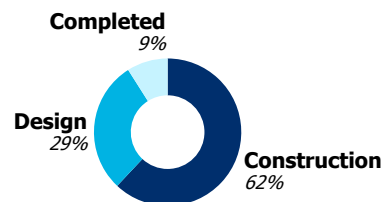
## PRO-FORMA<sup>(1)</sup>



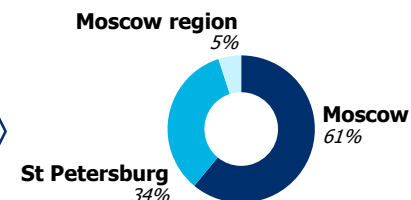
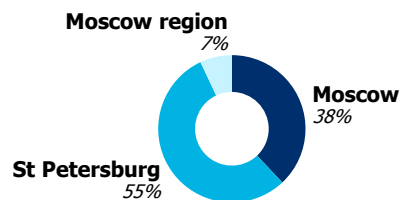
BREAKDOWN BY  
SEGMENTS



BREAKDOWN BY  
STAGE



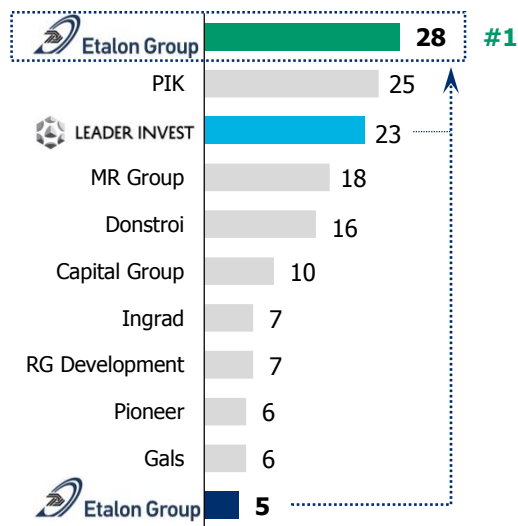
BREAKDOWN BY  
REGIONS



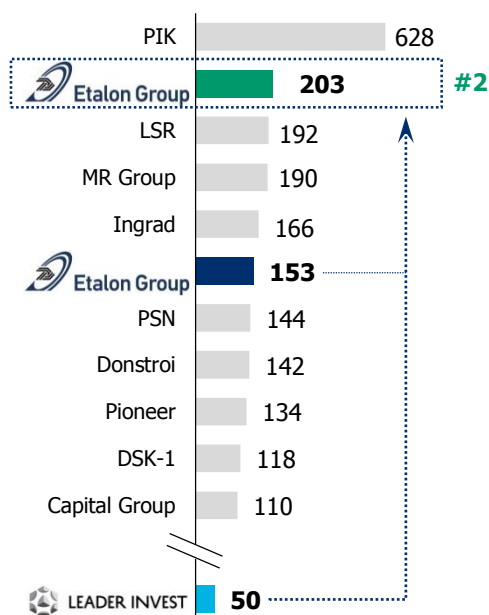
<sup>(1)</sup> Including minority interest of Sistema PJSFC of 49% in Leader-Invest projects

# STRENGTHENING MARKET POSITION IN MOSCOW

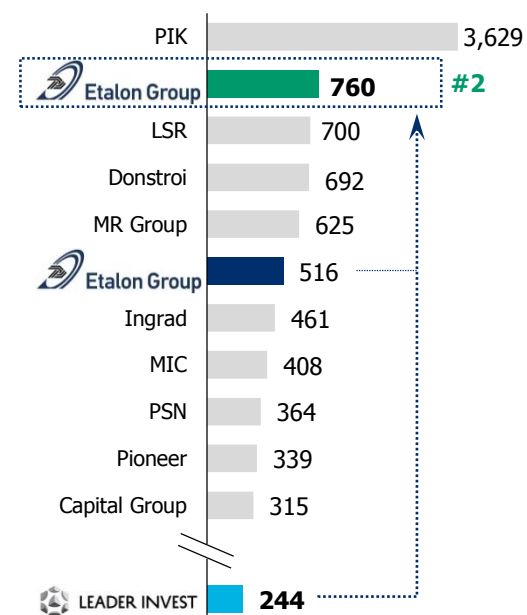
## #1 BY NUMBER OF PROJECTS OFFERED TO THE MARKET<sup>(1)</sup>



## #2 IN SALES<sup>(1)</sup>



## #2 IN VOLUMES UNDER CONSTRUCTION<sup>(2)</sup>



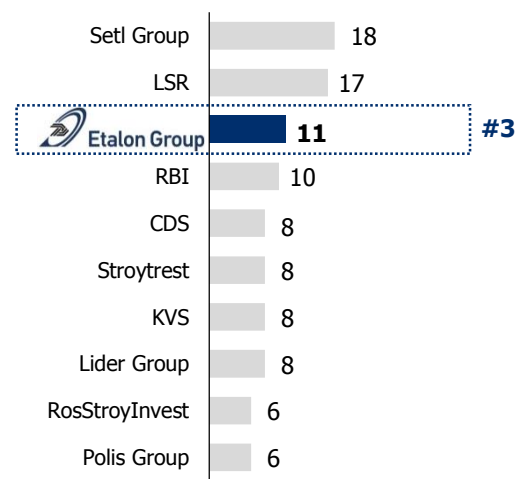
<sup>(1)</sup> Based on Knight Frank data as of 31.12.2018; for sales ranking the data for residential real estate sales is used without commercial premises and parking

<sup>(2)</sup> Based on Russian Unified Registrar of Residential Real Estate Developers data as of 31.12.2018, Company data as of 31.12.2018 for Leader-Invest and Etalon

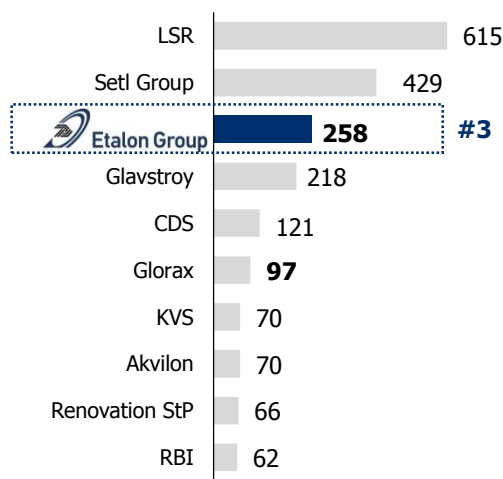


# MARKET POSITION IN ST PETERSBURG

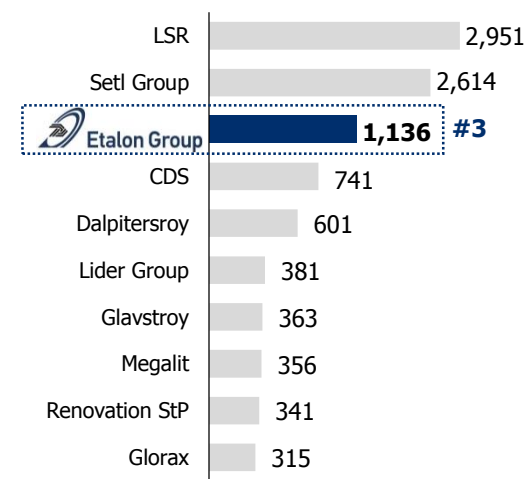
## #3 BY NUMBER OF PROJECTS OFFERED TO THE MARKET<sup>(1)</sup>



## #3 IN SALES<sup>(1)</sup>



## #3 IN VOLUMES UNDER CONSTRUCTION<sup>(2)</sup>



<sup>(1)</sup> Based on Knight Frank data as of 31.12.2018; for sales ranking the data for residential real estate sales is used without commercial premises and parking

<sup>(2)</sup> Based on Russian Unified Registrar of Residential Real Estate Developers data as of 31.12.2018

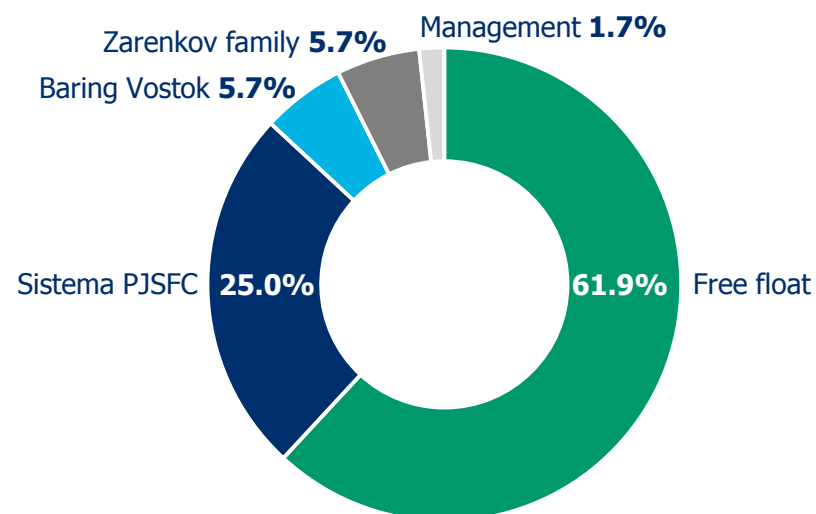
# CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE



## CORPORATE GOVERNANCE STRUCTURE



## SHAREHOLDER STRUCTURE<sup>(1)</sup>



Source:  
Company data

<sup>(1)</sup> As of 19 February 2019



# BOARD OF DIRECTORS

## NON-EXECUTIVE DIRECTORS



### OLEG MUBARAKSHIN

Chairman of the Board of Directors,  
Non-Executive Director

#### EXPERIENCE AND AWARDS

- More than 20 years of experience in corporate law and investment management
- EDUCATION
- Moscow State Academy of Law
- Finance Academy under the Government of the Russian Federation



### SERGEY EGOROV

Non-Executive Director

#### EXPERIENCE AND AWARDS

- Sergey has experience in private equity, corporate finance, leveraged finance and debt restructuring
- EDUCATION
- Kyrgyz State National University, Diploma in Finance

## EXECUTIVE DIRECTORS



### KIRILL BAGACHENKO

Chief Financial Officer, Executive  
Director

#### EXPERIENCE AND AWARDS

- 13 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 Extel Survey
- EDUCATION
- St Petersburg State University of Economics and Finance



### MAXIM BERLOVICH

Executive Director, Head of  
Construction & Maintenance Division

#### EXPERIENCE AND AWARDS

- Over 10 years of experience in the construction industry
- EDUCATION
- Peter the Great St Petersburg Polytechnic University, MBA from Vlerick Business School

## INDEPENDENT NON-EXECUTIVE DIRECTORS



### 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



### BORIS SVETLICHNY

Independent Non-Executive Director

#### EXPERIENCE AND AWARDS

- Over 29 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, Carnegie-Mellon University (MBA)



### DENNIS VINOKOUROV

Independent Non-Executive Director

#### EXPERIENCE AND AWARDS

- Over 20 years of experience in private equity, corporate law and real estate in Moscow, Stockholm and New York
- Held senior investment roles at VI Holding Development, Russian Direct Investment Fund and East Capital
- Practiced corporate law with White & Case and is a member of the New York Bar
- EDUCATION
- Stern Business School (MBA), NYU Law School (LL.M.), Central European University (LL.M.), Moscow State Institute of International Relations (Diploma in Law)



### MARINA OGLOBLINA

Independent Non-Executive Director

#### EXPERIENCE AND AWARDS

- Many years of experience in the administrations of the city and region of Moscow
- EDUCATION
- Moscow Finance University



### GANNA KHOMENKO

Independent Non-Executive Director

#### EXPERIENCE AND AWARDS

- 20 years of experience in management, consultancy and strategy positions in the legal and finance fields
- EDUCATION
- Keele University, degree in law and international politics
- College of Law in Chester, UK (completed a Legal Practice Course)



### CHARALAMPOS AVGOUSTI

Independent Non-Executive Director

#### EXPERIENCE AND AWARDS

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

# INCOME STATEMENT

MLN RUB	2016	2017	2018
Revenue	49,022	70,645	72,327
Cost of sales	(36,813)	(52,644)	(57,835)
Gross profit	12,209	18,001	14,492
General and administrative expenses	(4,454)	(5,052)	(6,922)
Selling expenses	(1,984)	(2,930)	(3,318)
Impairment loss on trade and other receivables	-	(673)	(800)
Other expenses, net	(753)	366	(2,376)
Results from operating activities	5,018	9,712	1,076
Finance income	1,857	1,712	2,284
Finance costs	(319)	(1,007)	(2,015)
Net finance income	1,538	705	269
Profit before income tax	6,556	10,417	1,345
Income tax expense	(1,654)	(2,524)	(1,308)
Profit for the period	4,902	7,893	37
<i>Profit attributable to:</i>			
Owners of the Company	4,902	7,890	35
Non-controlling interest	-	3	2
Profit for the period	4,902	7,893	37

Source:  
IFRS financial statements



# BALANCE SHEET



MLN RUB	2016	2017	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
PP&E	2,889	3,085	3,195
Investment property	561	333	306
Other long-term investments	545	739	758
Trade and other receivables	5,063	5,867	5,777
Deferred tax assets	1,414	2,173	2,805
Other non-current assets	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>10,472</b>	<b>12,197</b>	<b>12,841</b>
<b>Current assets</b>			
Inventories	71,261	78,122	73,729
Contract assets, trade and other receivables	21,409	30,184	20,732
Short-term investments	793	185	203
Cash and cash equivalents	10,206	14,125	23,066
Other current assets	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>103,669</b>	<b>122,616</b>	<b>117,730</b>
<b>TOTAL ASSETS</b>	<b>114,141</b>	<b>134,813</b>	<b>130,571</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15,070	14,103	15,487
Retained earnings	43,052	48,702	44,627
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	<b>58,122</b>	<b>62,805</b>	<b>60,114</b>
Non-controlling interest	28	-	2
<b>TOTAL EQUITY</b>	<b>58,150</b>	<b>62,805</b>	<b>60,116</b>
<b>Non-current liabilities</b>			
Loans and borrowings	12,415	21,418	17,559
Contract liabilities, trade and other payables	859	2,546	1,995
Provision	107	102	121
Deferred tax liabilities	1,557	2,941	2,808
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>14,938</b>	<b>27,007</b>	<b>22,483</b>
<b>Current liabilities</b>			
Loans and borrowings	5,639	2,569	3,353
Contract liabilities, trade and other payables	33,666	40,569	43,658
Provisions	1,748	1,863	961
<b>TOTAL CURRENT LIABILITIES</b>	<b>41,053</b>	<b>45,001</b>	<b>47,972</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>114,141</b>	<b>134,813</b>	<b>130,571</b>

Source:  
IFRS financial statements

# CASH FLOW STATEMENT

MLN RUB	2016	2017	2018
<b>OPERATING ACTIVITIES</b>			
Profit for the period	4,902	7,893	37
Adjustments for:			
Depreciation	434	340	365
Gain on disposal of PP&E	(52)	(113)	8
Gain on disposal of investment property	(267)	(27)	-
Impairment gain/(loss) on investment property	(41)	-	-
Impairment loss on inventories	430	819	512
Impairment loss/reversal on trade and other receivables, advances paid to suppliers and investments	-	673	900
Equity-settled share-based payment transactions	-	221	846
Finance income, net	(1,538)	(705)	(269)
Income tax expense	1,654	2,524	1,308
CASH FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	5,522	11,625	3,707
Change in inventories	(1,780)	(1,009)	5,648
Change in accounts receivables	(3,746)	(6,953)	9,036
Change in accounts payable	7,812	161	(65)
Change in provisions	(1,808)	112	(883)
Change in contract assets	-	(203)	(57)
Change in contract liabilities	-	1,329	1,500
Income tax paid	(1,960)	(2,381)	(1,483)
Interest paid	(2,603)	(2,257)	(2,246)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>1,437</b>	<b>424</b>	<b>15,157</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of non-current assets	93	294	57
Proceeds from disposal of investment property	-	232	8
Interest received	1,153	918	1,125
Acquisition of PP&E	(711)	(707)	(550)
Loans given	(435)	(60)	(91)
Loans repaid	25	93	6
(Acquisition)/disposal of other investments	242	122	41
<b>NET CASH FROM /(USED IN) INVESTING ACTIVITIES</b>	<b>367</b>	<b>892</b>	<b>596</b>
<b>FINANCING ACTIVITIES</b>			
Acquisition of non-controlling interest	(94)	(29)	-
Proceeds from borrowings	9,016	15,889	4,707
Repayments of borrowings	(10,404)	(10,009)	(7,719)
Acquisition of own shares	-	(628)	(651)
Dividends paid	(1,504)	(2,542)	(3,567)
<b>NET CASH FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>(2,986)</b>	<b>2,681</b>	<b>(7,230)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,182)</b>	<b>3,997</b>	<b>8,523</b>
Effect of FX rate fluctuations	(144)	(78)	418
<b>Cash &amp; cash equivalents at the end of the period</b>	<b>10,206</b>	<b>14,125</b>	<b>23,066</b>

Source:  
IFRS financial statements



# EBITDA CALCULATION



MLN RUB	2016	2017	2018
Comprehensive income	4,902	7,893	37
Income tax expense	1,654	2,524	1,308
Interest expense on loans and finance lease	12	912	1,883
Net foreign exchange loss	78	79	-
Interest income on bank deposits	(839)	(505)	(453)
Interest income on cash and cash equivalents	(314)	(413)	(672)
Net foreign exchange gain	-	-	(64)
Bank fees and commissions	133	122	173
Borrowing costs	1,241	2,247	1,689
SFC in cost of sales (Note 11)		1,624	1,416
<b>DEPRECIATION:</b>	<b>434</b>	<b>340</b>	<b>365</b>
Depreciation in cost of goods sold (Note 13 PP&E)	321	261	250
Depreciation to selling expenses (Note 13 PP& E)	4	10	11
Depreciation to general and administrative expenses (Note 13 PP&E)	62	47	85
Depreciation to investment property (Note 14 Investment property)	42	22	19
Depreciation to other non-current assets	5	-	-
<b>EBITDA</b>	<b>7,301</b>	<b>14,823</b>	<b>5,682</b>

Source:  
IFRS financial statements

# WORKING CAPITAL CALCULATION

MLN RUB	2016	2017	2018
Total inventory	71,261	78,122	73,729
CURRENT PART			
+Trade and other receivables	21,409	30,184	20,408
- Trade and other payables	33,666	40,569	43,658
- Provisions	1,748	1,863	961
NON-CURRENT PART			
+Trade and other receivables	5,063	5,867	5,777
- Trade and other payables	859	2,546	1,995
- Provisions	107	102	121
ADJUSTMENTS			
- Cumulative borrowing costs capitalised during the period (Note 11 Finance income and finance costs)	10,602	14,752	18,079
+ Cumulative borrowing costs that have been included into the cost of sales (Note 11 Finance income and finance costs)	4,451	8,322	11,427
- Income tax receivable (Note 18 Trade and other receivables)	412	579	424
+ Income tax payable (Note 25 Trade and other payables)	399	85	443
WORKING CAPITAL	55,189	62,169	46,546



# FCF CALCULATION

MLN RUB	2016	2017	2018
Comprehensive income	4,902	7,893	37
ADJUSTMENTS FOR			
Depreciation	434	340	365
Loss/(gain) on disposable PP&E	(52)	(113)	8
Gain on disposal of investment property	(267)	(27)	-
Equity-settled share-based payment transactions	-	221	846
Impairment loss on investment property	(41)	-	-
Impairment loss on inventory	430	819	512
Impairment loss on trade and other receivables, advanced paid to suppliers and investments	-	673	900
Finance income, net	(1,538)	(705)	(269)
Income tax expense	1,654	2,524	1,308
Income tax paid	(1,960)	(2,381)	(1,483)
Interest paid	(2,603)	(2,257)	(2,246)
(Increase)/decrease in working capital:	478	(6,563)	15,179
Change in inventories	(1,780)	(1,009)	5,648
Change in accounts receivable	(3,746)	(6,953)	9,036
Change in accounts payable	7,812	161	(65)
Change in provisions	(1,808)	112	(883)
Change in contract assets	-	(203)	(57)
Change in contract liabilities	-	1,329	1,500
(Increase)/decrease in invested capital based on CF statement:	(618)	(181)	(485)
Acquisition of PP&E	(711)	(707)	(550)
Proceeds from disposal of non-current assets	93	526	65
FCF	819	243	14,672

Source:  
IFRS financial statements



## FY 2018 FINANCIAL RESULTS

ETALON GROUP PLC

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