

# INVESTOR PRESENTATION

17 April 2019





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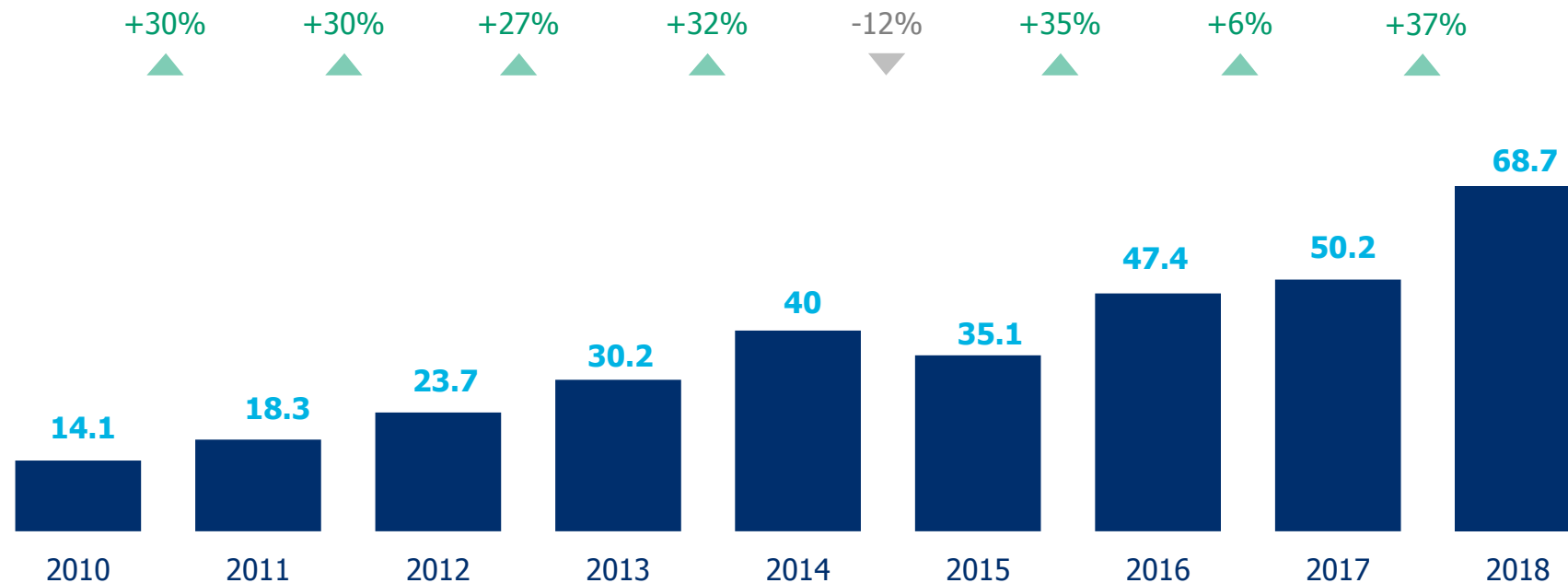
# SALES PERFORMANCE SINCE IPO



IMPRESSIVE NEW CONTRACT SALES  
GROWTH, WITH CAGR OF 22%

## NEW CONTRACT SALES

bln RUB





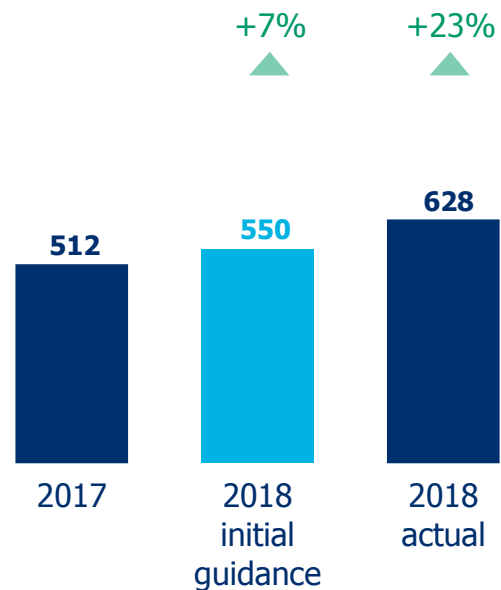
# FY 2018 OPERATING RESULTS ANALYSIS



ETALON DELIVERED RECORD RESULTS  
ACROSS ALL KEY METRICS IN FY 2018

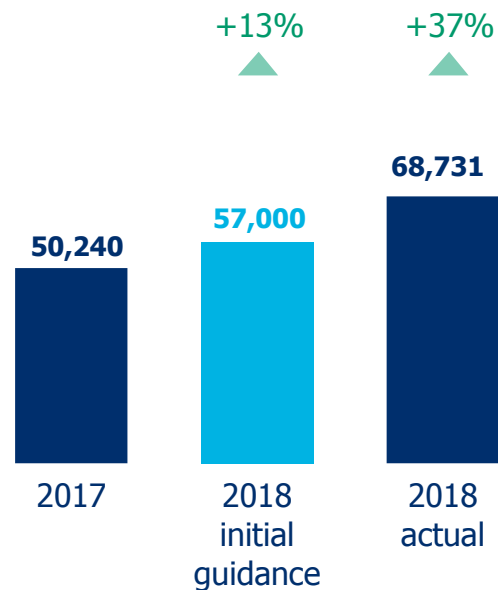
## NEW CONTRACT SALES

ths sqm



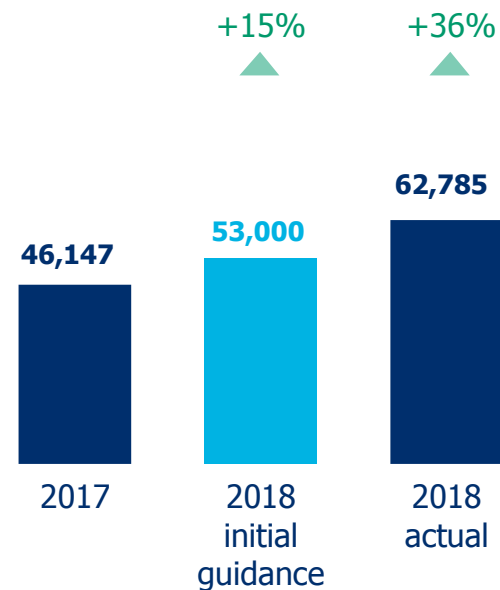
## NEW CONTRACT SALES

mln RUB



## CASH COLLECTIONS

mln RUB



# WHAT NEXT?

## LIMITED ACQUISITIONS IN 2019

### ADVANTAGES

- ✓ Ability to choose the most attractive land in key markets
- ✓ Limited cash outflow and impact on financial position

### DISADVANTAGES

- ✗ Significant risk of losing market share due to limited new offering
- ✗ Lack of opportunities for further sales growth above the level achieved in 2018
- ✗ Necessity to return to new acquisitions in a year when the market is absorbing regulatory changes

## SIGNIFICANT INVESTMENTS IN LANDBANK

- ✓ Right timing to replenish project portfolio at attractive price thanks to changes in market regulation and significant pressure on land owners
- ✓ Ability to accelerate sales growth in medium-term

- ✗ Risk of warming up market prices due to abnormal activity and desire to buy a lot of land
- ✗ Considerable simultaneous cash outflow
- ✗ Risk of significant additional investments in land permitting

## ACQUISITION OF COMPANY

- ✓ Ability to buy permitted land in anticipation of the transition to new regulation
- ✓ Opportunity to gain market share and attract additional demand
- ✓ Opportunity to accelerate new sales growth
- ✓ Limited investments in land permitting

- ✗ Considerable simultaneous cash outflow
- ✗ Limited number of companies with landbank fitting Etalon's acquisition criteria
- ✗ Risk of overlapping with Etalon's current landbank



# LEADER-INVEST AT A GLANCE



LEADER INVEST

## ONE OF THE LEADING DEVELOPERS IN MOSCOW

- Leader-Invest is a leading residential real estate developer within the Moscow Ring Road
- Portfolio includes 31 projects under construction or in design stage and 8 completed projects with total area of unsold and available for sale property of about 1.3 million sqm
- Prime locations in well-developed and attractive neighbourhoods with a healthy living environment
- 69 ths sqm of NSA sold in 2018

## PROVEN BUSINESS MODEL

- Focus on the comfort and business segments, which enjoy highest levels of demand
- Established process for selection of attractive assets with excellent transport accessibility
- Development of unique, niche product with a focus on modern trends
- 8 projects delivered over the last 3 years

## WELL-DEVELOPED FINANCIAL FUNCTION AND TRANSPARENCY PRACTICES

- Leader-Invest reports IFRS financial results on a semi-annual basis
- Portfolio valuation carried by reputable independent appraiser (Colliers International)
- Leader-Invest has publicly traded bonds since 2016
- S&P credit rating of B with a positive outlook

## REPUTABLE SHAREHOLDER

- Leader-Invest is a subsidiary of Sistema PJSFC, whose shares and GDRs are listed on MOEX and the LSE since 2005
- Sistema PJSFC is a well-recognised holding company with reputable investment track record
- Well defined corporate governance platform in line with international standards
- Sistema PJSFC to remain a 49% minority shareholder post transaction

# LEADER-INVEST ACQUISITION IS IN LINE WITH ETALON GROUP DEVELOPMENT STRATEGY



## LEADER-INVEST FULLY SATISFIES ALL CRITERIA SET FOR POTENTIAL M&A TARGETS BY ETALON:

- 1** FOCUS ON THE SAME REGIONS AND SEGMENTS
- 2** COMPLEMENTARY PORTFOLIO AND VALUE CHAIN
- 3** CONSIDERABLE OPERATING SYNERGIES DUE TO ELIMINATION OF DUPLICATE FUNCTIONS AND MONETISATION OF SALES NETWORK
- 4** ATTRACTIVE PROFITABILITY ACROSS PROJECT PORTFOLIO AND SIGNIFICANT RETURN ON INVESTMENTS
- 5** HIGH LEVEL OF TRANSPARENCY

 LEADER INVEST

✓

✓

✓

✓

✓

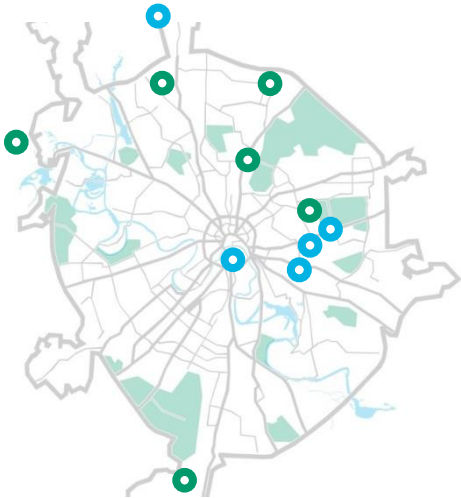


# TRANSACTION EFFECT ON ETALON GROUP OPERATIONS IN MOSCOW



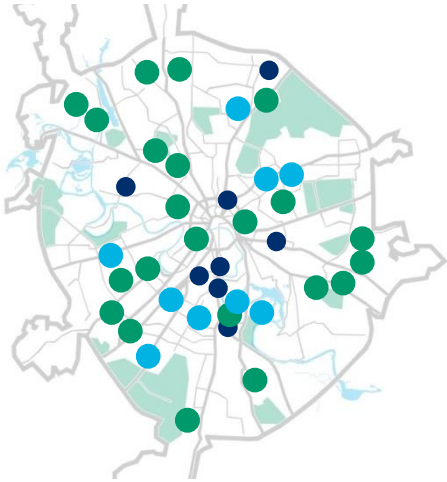
## ETALON'S PROJECTS

11 projects



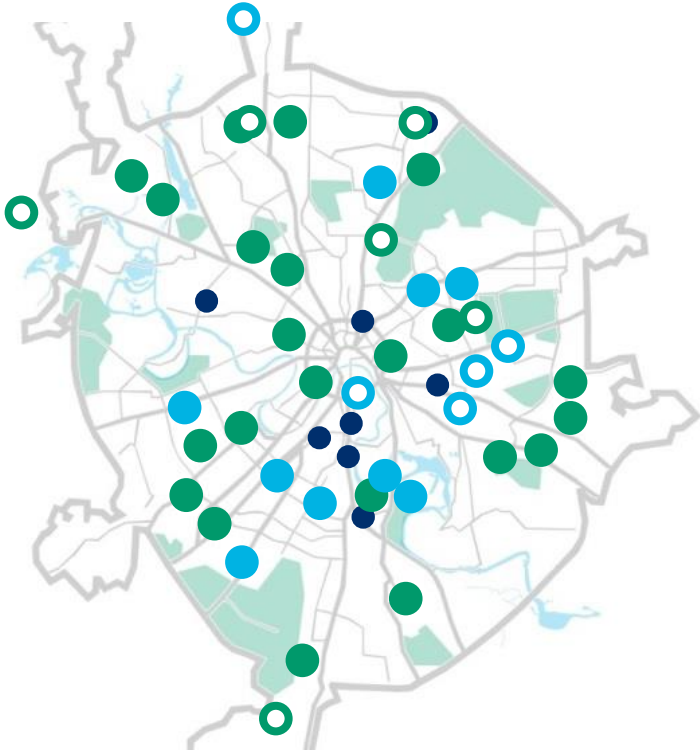
## LEADER'S PROJECTS

31 projects



## PROJECTS IN MOSCOW

42 projects



 UNDER CONSTRUCTION

 DESIGN STAGE

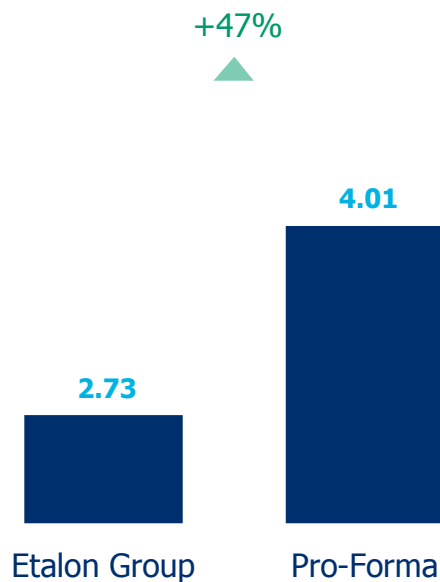
 COMPLETED

# PRO-FORMA LANDBANK



LANDBANK INCREASED BY 47%, MAINTAINING A GOOD BALANCE OF PROJECTS IN DIFFERENT STAGES OF DEVELOPMENT CYCLE WITH HIGHER EXPOSURE ON BUSINESS-CLASS SEGMENT

## UNSOLD NSA<sup>(1)</sup> mln sqm



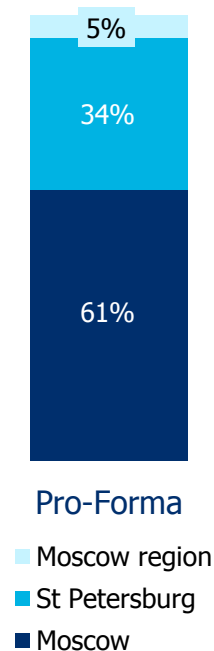
## BREAKDOWN BY SEGMENTS



## BREAKDOWN BY STAGE



## BREAKDOWN BY GEOGRAPHY



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

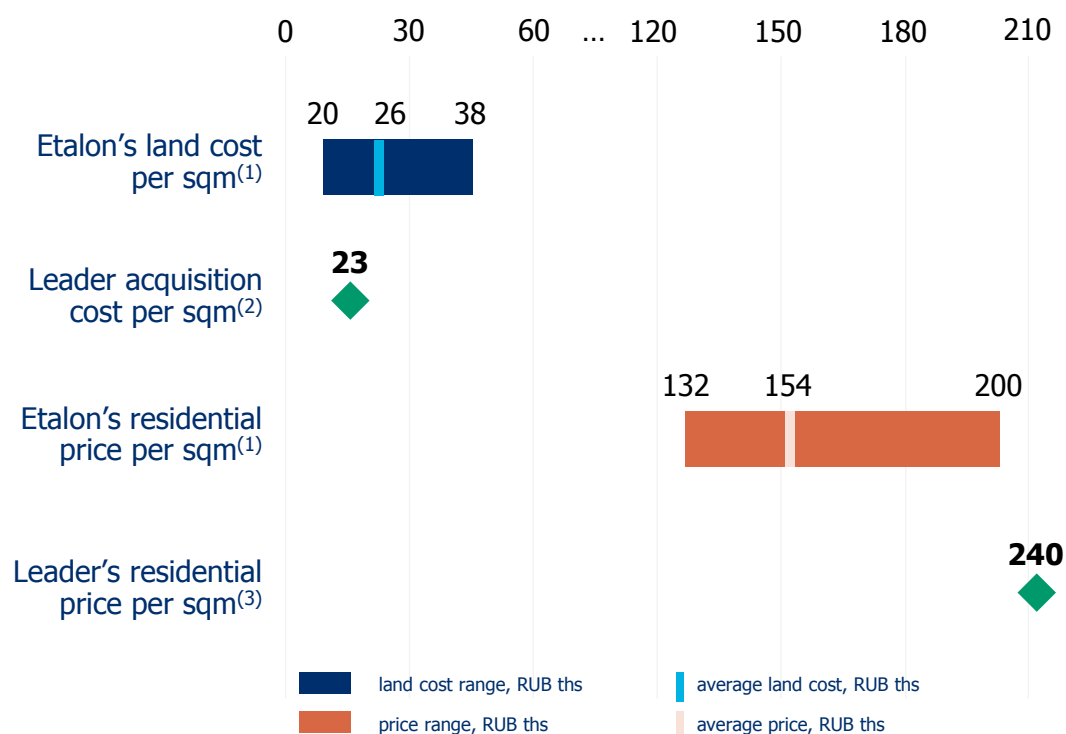


# VALUE ENHANCING ACQUISITION



LOWER LAND ACQUISITION PRICE AND HIGHER SELLING PRICE CREATE ROOM FOR PROFITABILITY IMPROVEMENT

## ACQUISITION OF MORE PROFITABLE PROJECTS AT AN ATTRACTIVE PRICE:



- The cost of RUB 23 ths per sqm for the acquisition of Leader-Invest is close to the lower end of Etalon Group's current price range for land acquisition of RUB 20 ths – RUB 38 ths per sqm, and 11% below Etalon Group's average acquisition cost of RUB 26 ths per sqm
- The average selling price of RUB 240 ths per sqm<sup>(3)</sup> for Leader-Invest projects is significantly above the current range of RUB 132 ths – RUB 200 ths per sqm for Etalon Group's projects

<sup>(1)</sup> For Etalon Group projects under construction in Moscow within the Moscow Ring Road  
<sup>(2)</sup> Acquisition cost divided by Etalon's share of unsold area in Leader-Invest project portfolio of 1.3 mln sqm  
<sup>(3)</sup> Forecasted average real estate sale price for Leader-Invest projects

# ETALON GROUP OPERATIONS IN ST PETERSBURG AND MOSCOW AFTER THE TRANSACTION



**57** PROJECTS

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

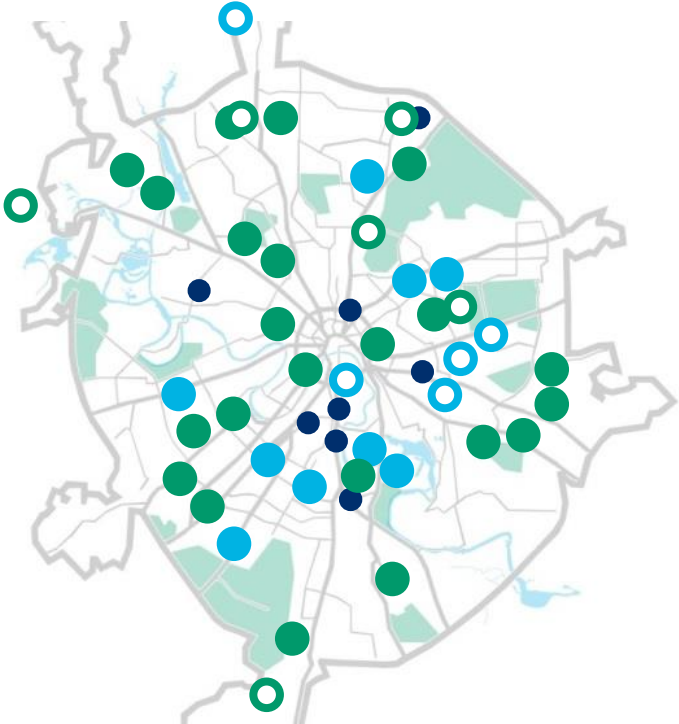
**200** BLN RUB OPEN MARKET VALUE<sup>(1)</sup>

**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 PJSFC of 49% in Leader-Invest projects

# OPERATING RESULTS

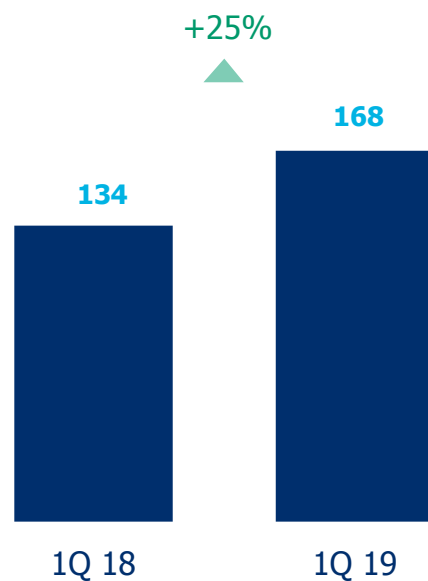


# 1Q 2019 OPERATING RESULTS

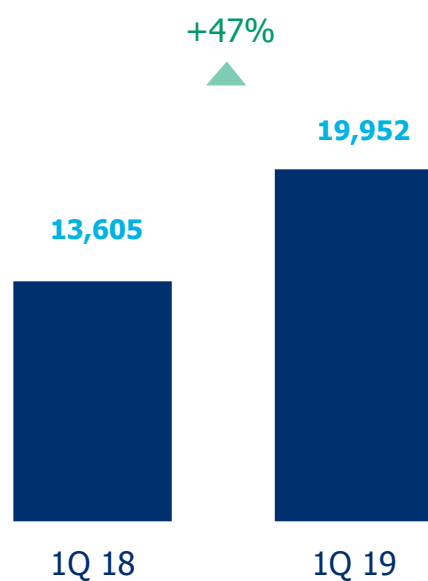


IN 1Q 2019 ETALON GROUP STRONGLY OUTPERFORMED ITS 1Q 2018 OPERATING RESULTS, SETTING A NEW ALL-TIME RECORD

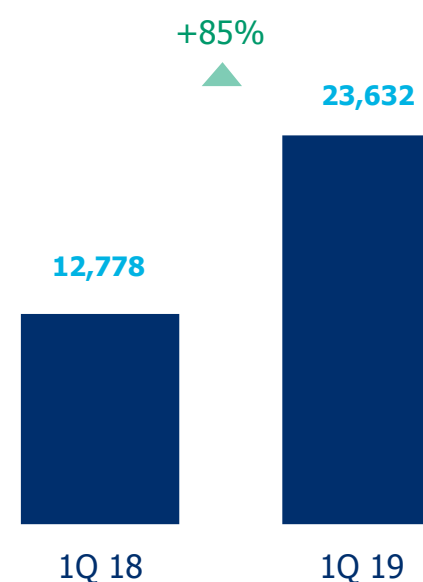
**NEW CONTRACT SALES**  
ths sqm



**NEW CONTRACT SALES**  
mln RUB



**CASH COLLECTIONS**  
mln RUB



- The number of new contracts reached **3,470 in 1Q 2019, up by 35% compared to 1Q 2018**



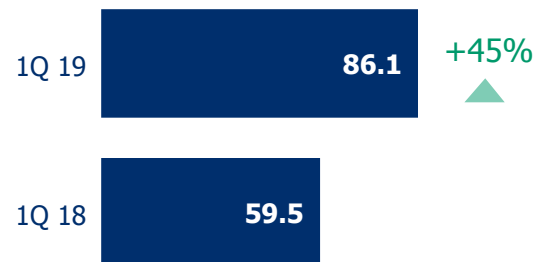
# 1Q 2019 OPERATING RESULTS: BREAKDOWN BY REGIONS



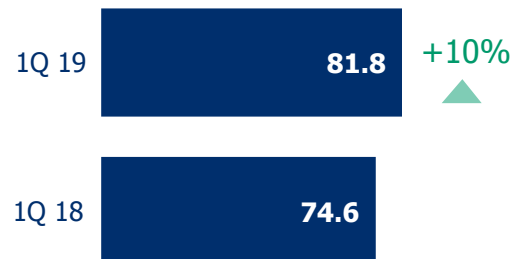
IN 1Q 2019 MOSCOW SALES  
DEMONSTRATED OUTSTANDING  
PERFORMANCE

## NEW CONTRACT SALES ths sqm

### Moscow

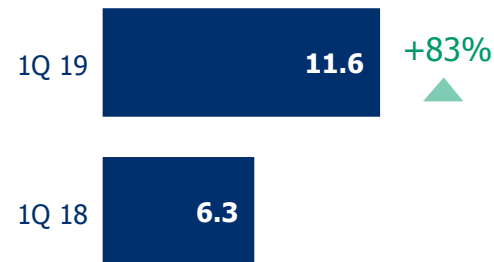


### St Petersburg

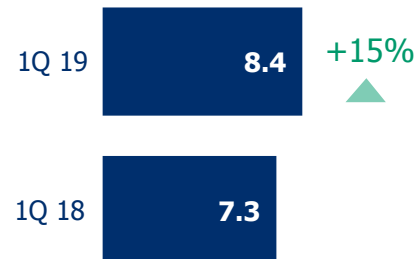


## NEW CONTRACT SALES bln RUB

### Moscow

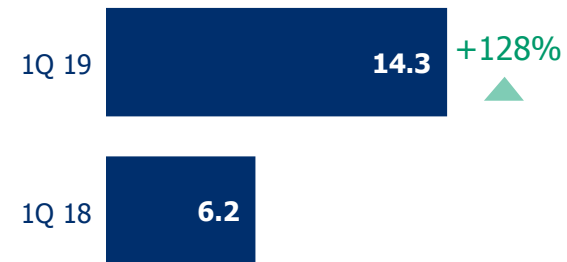


### St Petersburg

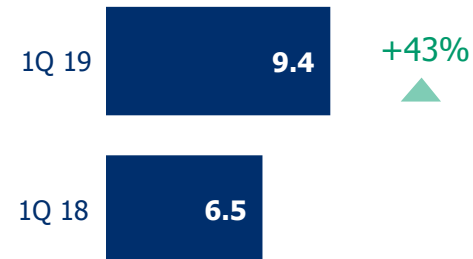


## CASH COLLECTIONS bln RUB

### Moscow



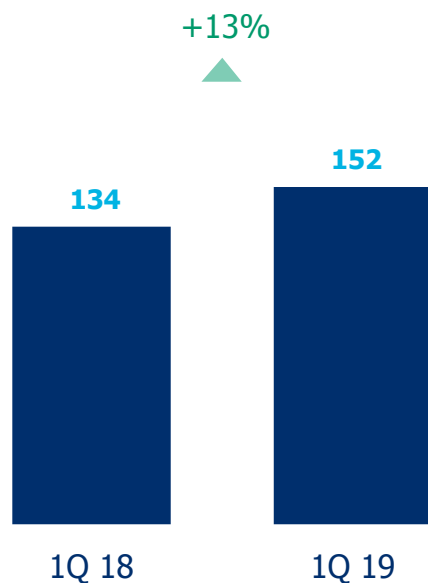
### St Petersburg



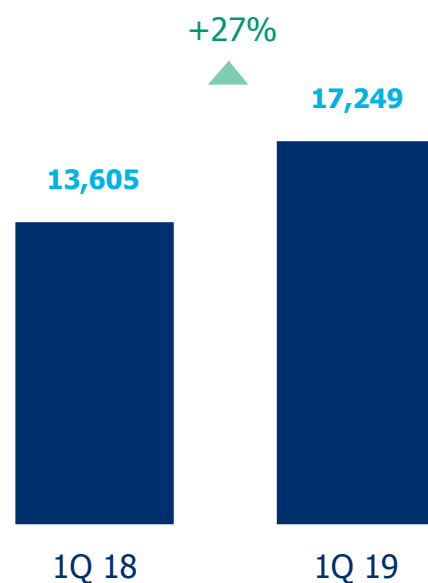
# 1Q 2019 OPERATING RESULTS: ETALON GROUP

EVEN WITHOUT LEADER-INVEST SALES, ETALON GROUP REPORTED RECORD RESULTS FOR 1Q 2019

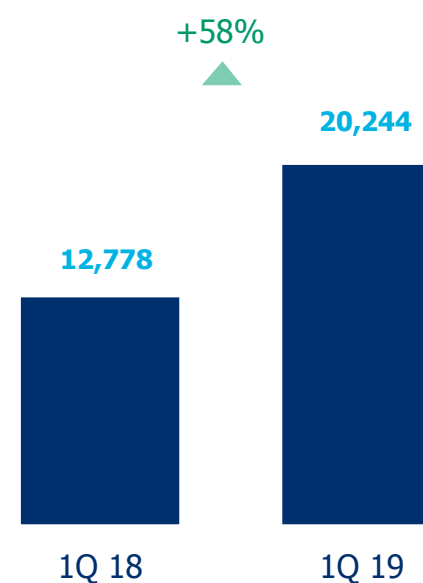
**NEW CONTRACT SALES**  
ths sqm



**NEW CONTRACT SALES**  
mln RUB



**CASH COLLECTIONS**  
mln RUB

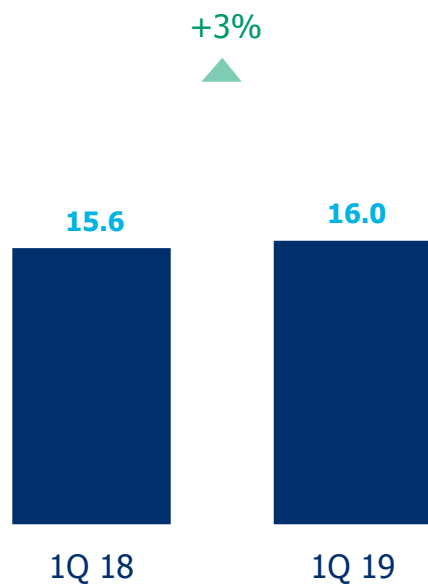


- The number of new contracts signed by Etalon Group reached **3,150 in 1Q 2019, up by 22% compared to 1Q 2018**

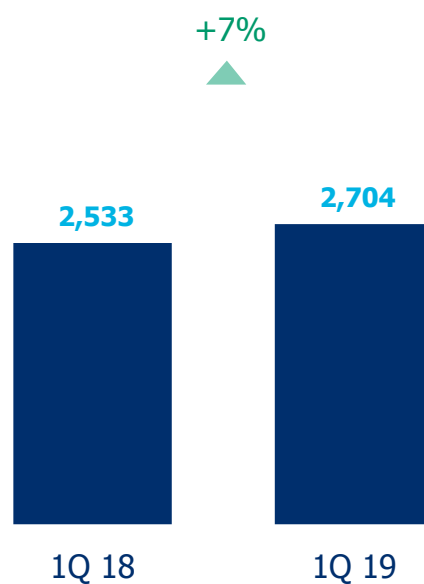
# 1Q 2019 OPERATING RESULTS: LEADER-INVEST

LEADER-INVEST CASH COLLECTIONS INCREASED BY 53% YEAR-ON-YEAR

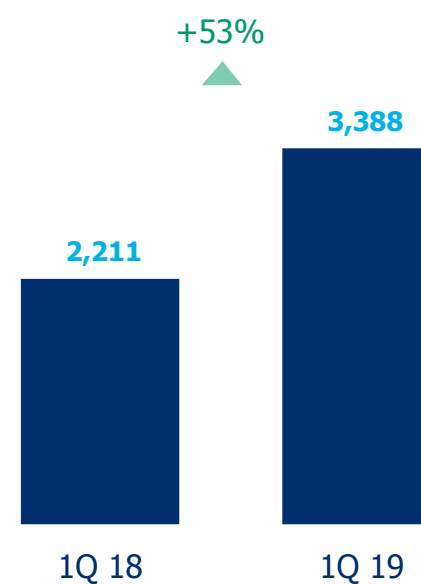
NEW CONTRACT SALES  
ths sqm



NEW CONTRACT SALES  
mln RUB



CASH COLLECTIONS  
mln RUB



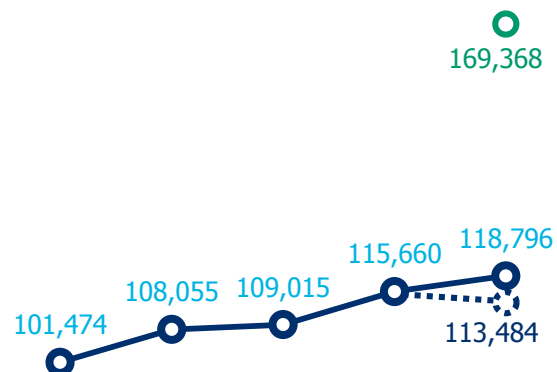
- The number of new contracts signed by Leader-Invest reached **320 in 1Q 2019, up by 19% compared to 1Q 2018**

# AVERAGE PRICE AND DOWN PAYMENT PERFORMANCE



AVERAGE PRICE FOR APARTMENTS INCREASED BY 23% YEAR-ON-YEAR

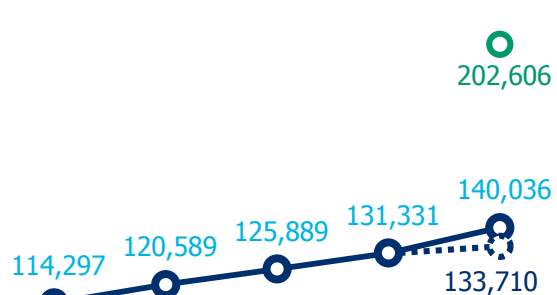
**AVERAGE PRICE TOTAL**  
RUB/sqm



1Q 18 2Q 18 3Q 18 4Q 18 1Q 19

● Combined ■ Etalon Group ● Leader-Invest

**AVERAGE PRICE APARTMENTS**  
RUB/sqm



1Q 18 2Q 18 3Q 18 4Q 18 1Q 19

● Combined ■ Etalon Group ● Leader-Invest

**AVERAGE DOWN PAYMENT**  
%



1Q 18 2Q 18 3Q 18 4Q 18 1Q 19

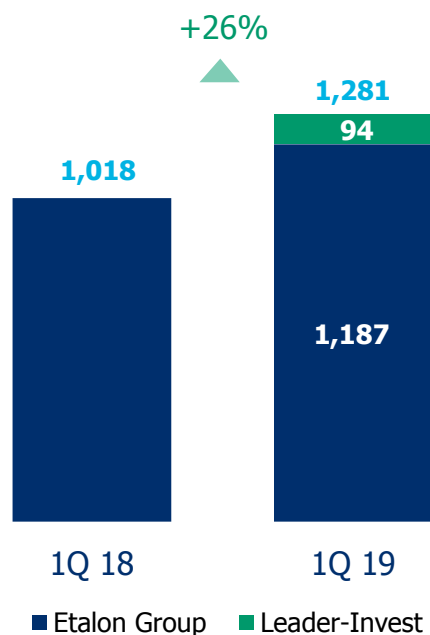


# MORTGAGE SALES

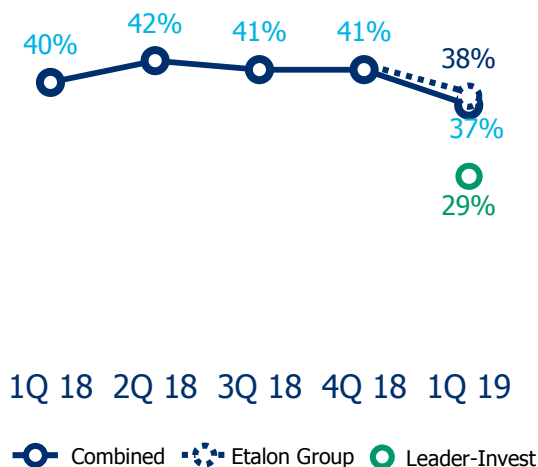


NUMBER OF MORTGAGE SALES ROSE BY 26%, WHILE THE SHARE OF MORTGAGE SALES DECREASED SLIGHTLY DUE TO THE HIGHER SHARE OF BUSINESS-CLASS PROJECTS

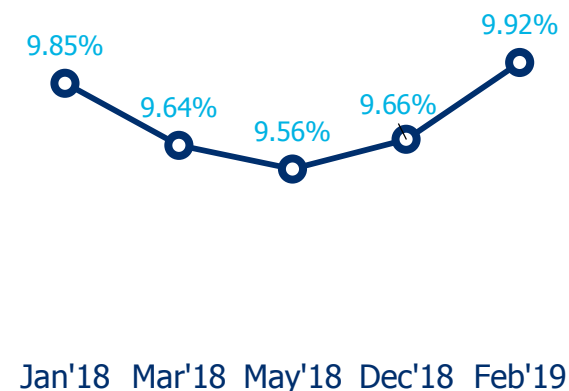
**NUMBER OF MORTGAGE CONTRACTS SIGNED**



**MORTGAGE CONTRACTS AS A SHARE OF SALES**



**AVERAGE MORTGAGE RATE IN RUSSIA<sup>(1)</sup>**



Source: Company data

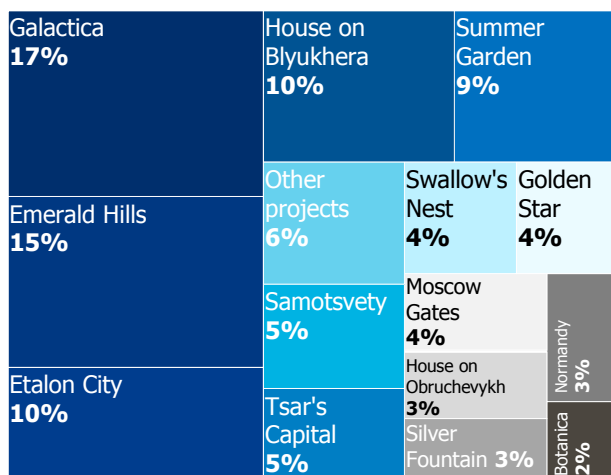
<sup>(1)</sup> Weighted average interest rate on mortgage loans given to residents of Russia for acquisition of apartments on the primary market during the month, based on CBR data

# SALES PORTFOLIO

IMMEDIATELY AFTER THE ACQUISITION, THE SHARE OF LEADER-INVEST PROJECTS IN 1Q 2019 SALES WAS 9%

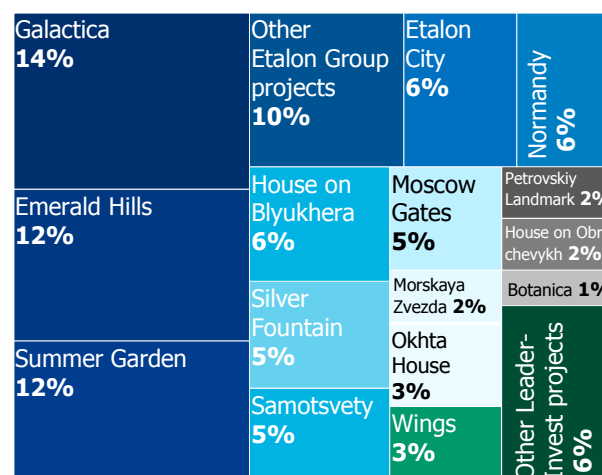
## 1Q 2018 NEW CONTRACT SALES BY PROJECT

sqm



## 1Q 2019 NEW CONTRACT SALES BY PROJECT

sqm



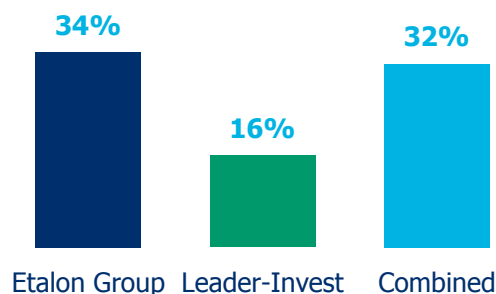
- Galactica remains the largest project in terms of new contract sales
- Share of new sales in Moscow reached 51%
- The share of business class projects reached 13% thanks to Leader-Invest's contribution

# REGIONAL SALES PERFORMANCE



NATIONWIDE SALES & MARKETING NETWORK SUPPORTS SUSTAINABLE CONTRACT SALES FOR ETALON GROUP PROJECTS

## SHARE OF REGIONAL BUYERS



## ETALON GROUP'S REGIONAL SALES GEOGRAPHY(1) (2)

REGION	SHARE OF TOTAL CONTRACTS
Leningrad region	2.9%
Khanty-Mansi AD	1.3%
Yamalo-Nenets AD	1.2%
Samara region	1.1%
Krasnodar Krai	1.0%
Krasnoyarsk Krai	0.9%
Arkhangelsk region	0.9%
Murmansk region	0.8%
Chelyabinsk region	0.8%
Other Russian regions	20.3%
Foreigners	1.1%
<b>TOTAL</b>	<b>32%</b>

## REGIONAL POPULATION ACTIVELY BUYS APARTMENTS IN MOSCOW AND ST PETERSBURG



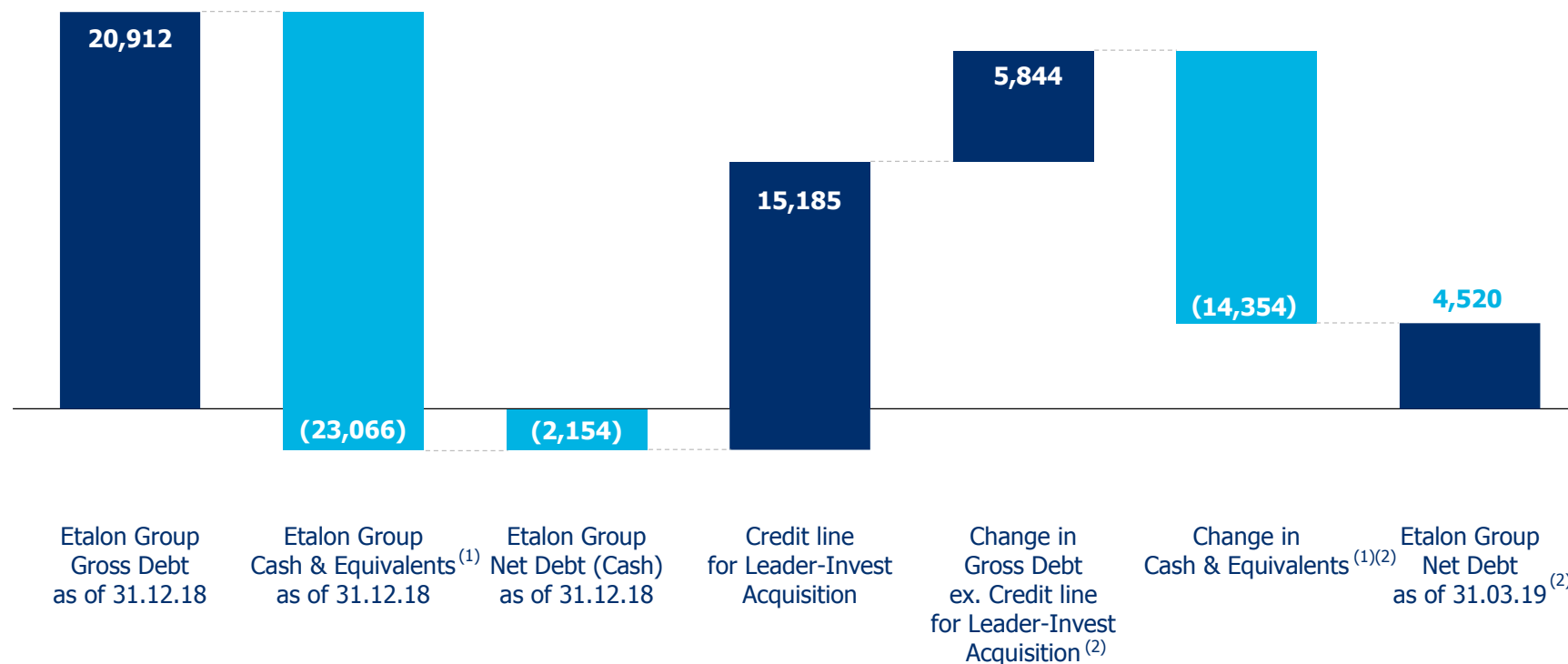
- > Etalon Group's sales force focuses on regions with the highest per capita income levels
- > Key markets: St Petersburg and Moscow
- > 58 cities covered with 25 sales offices nationwide
- > External professional marketing and sales service agents engaged nationwide

(1) Company data for 1Q 2019  
 (2) Including Leader-Invest sales

# ETALON MAINTAINS A STRONG BALANCE SHEET EVEN AFTER RUB 15.2 BLN ACQUISITION



## TOTAL DEBT mln RUB



Source: Company data

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

<sup>(2)</sup> Including Leader-Invest financial position



# FINANCIAL RESULTS



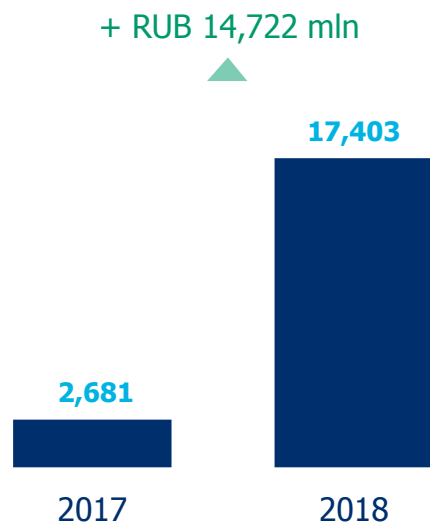
# CASH FLOW ANALYSIS



RECORD-HIGH OPERATING CASH FLOW THANKS TO EFFICIENT FINANCIAL MANAGEMENT

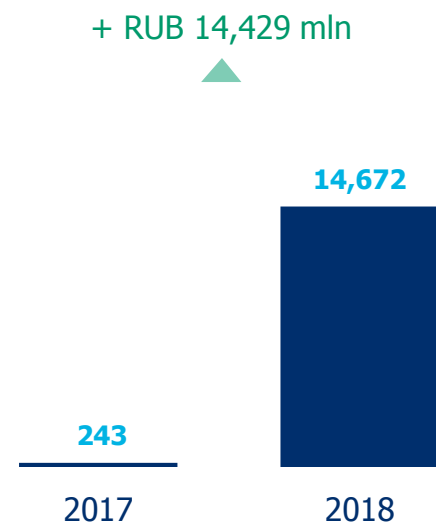
## OPERATING CASH FLOW<sup>(1)</sup>

mln RUB



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

mln RUB



Source:  
IFRS financial statements

<sup>(1)</sup> Operating cash flow less interest paid

<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

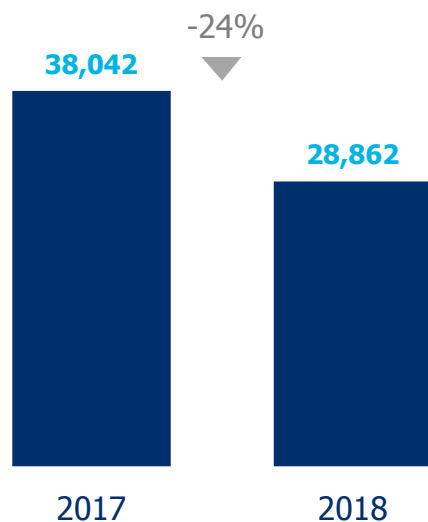
# FY 2018 DEVELOPMENT REVENUE ANALYSIS



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

## RESIDENTIAL DEVELOPMENT REVENUE RECOGNISED AT A POINT OF TIME

mln RUB

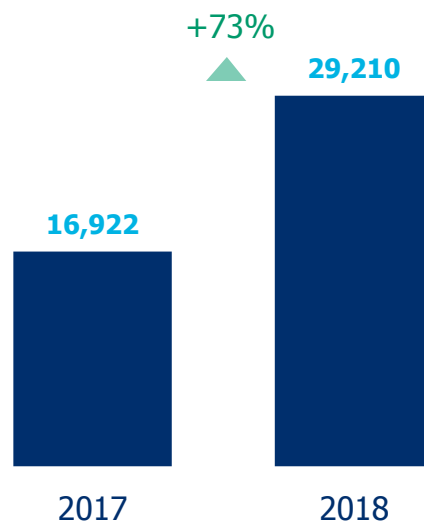


The decline in revenue recognised at a point of time (from completed property and recognised under previous approach) is driven by the **lower share of completed properties sold in 2018 and the shift to the new IFRS standard**

Source:  
IFRS financial statements

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

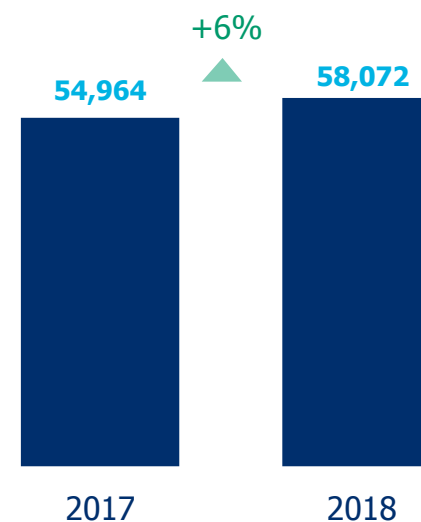
mln RUB



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

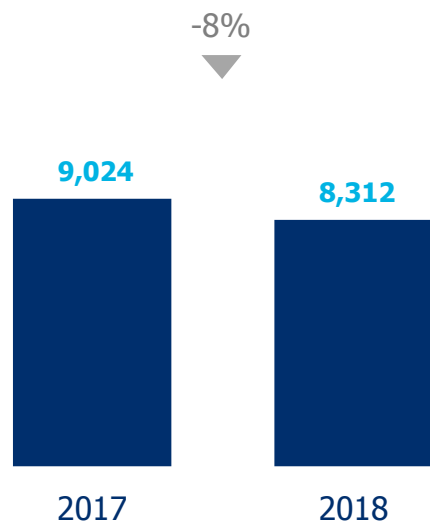


# FY 2018 REVENUE ANALYSIS



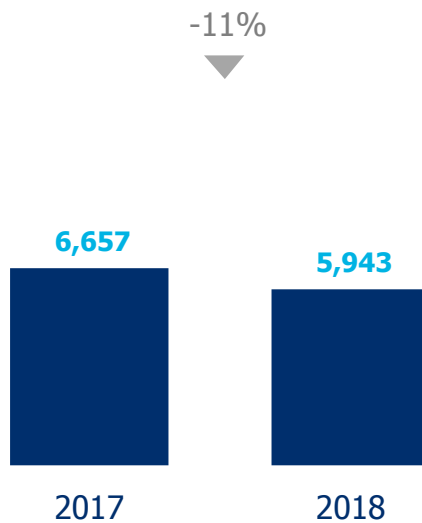
## CONSTRUCTION SERVICES REVENUE FROM THIRD PARTIES

mln RUB



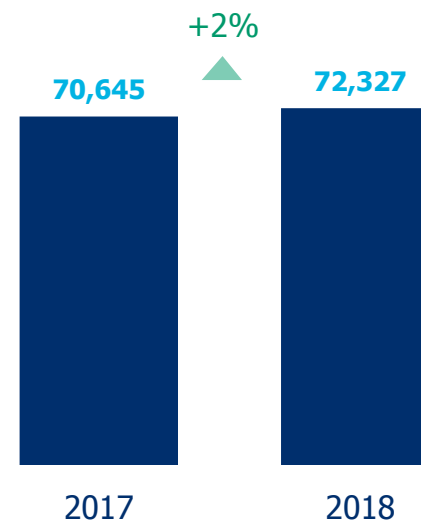
## OTHER REVENUE<sup>(1)</sup>

mln RUB



## CONSOLIDATED REVENUE

mln RUB



Source:  
IFRS financial statements

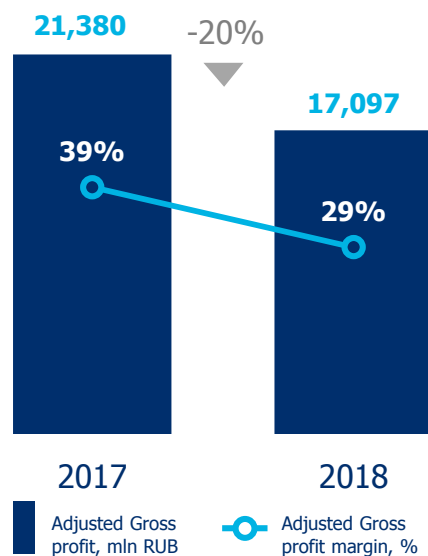
<sup>(1)</sup> Including revenue from selling construction materials, maintenance services, etc.



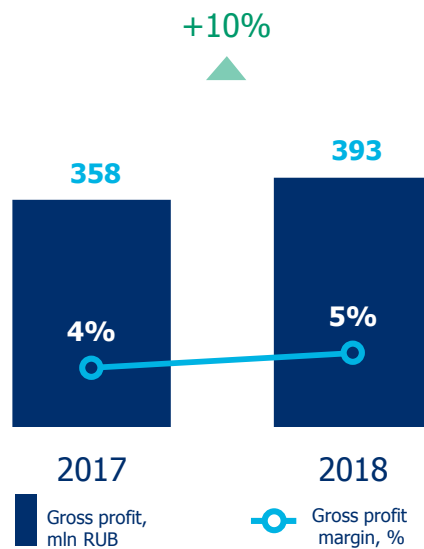
# FY 2018 GROSS PROFIT ANALYSIS



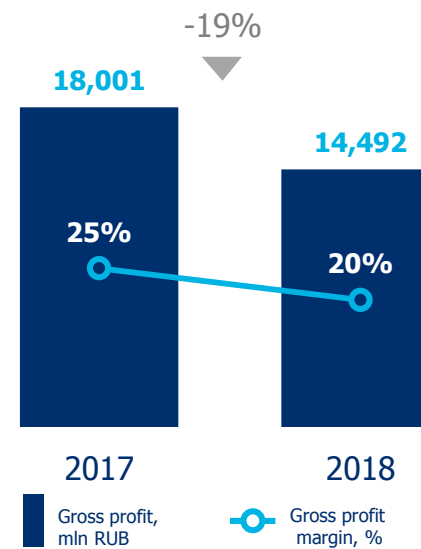
## RESIDENTIAL DEVELOPMENT ADJUSTED GROSS PROFIT<sup>(1)</sup> mln RUB



## CONSTRUCTION SERVICES GROSS PROFIT mln RUB



## CONSOLIDATED GROSS PROFIT mln RUB



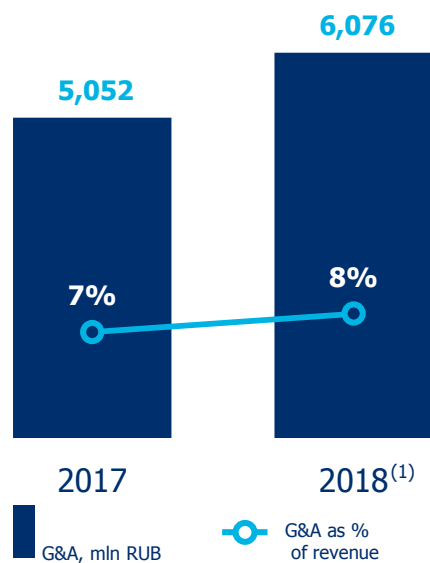
Residential development and consolidated gross profit for the year were impacted by **recognition of** a significant part of the **overall costs related to installation of utilities and other infrastructure allocated to the first stages of projects** and required for large-scale development projects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

# FY 2018 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES



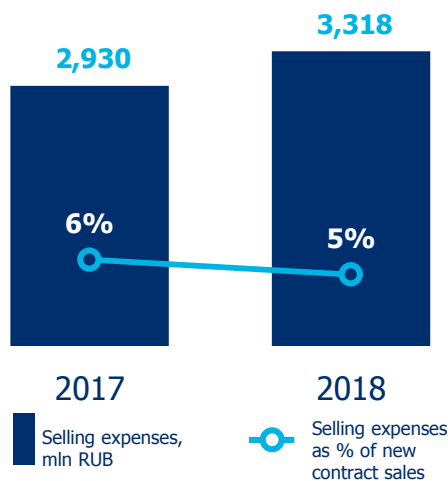
## GENERAL AND ADMINISTRATIVE EXPENSES

mln RUB



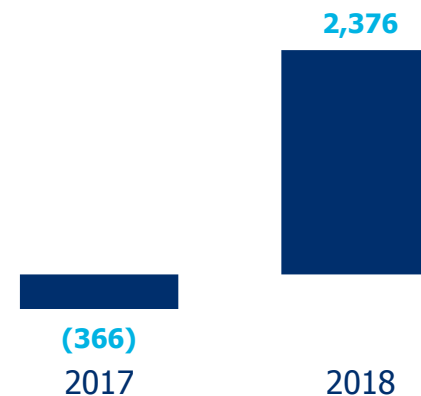
## SELLING EXPENSES

mln RUB



## OTHER EXPENSES (INCOME)

mln RUB



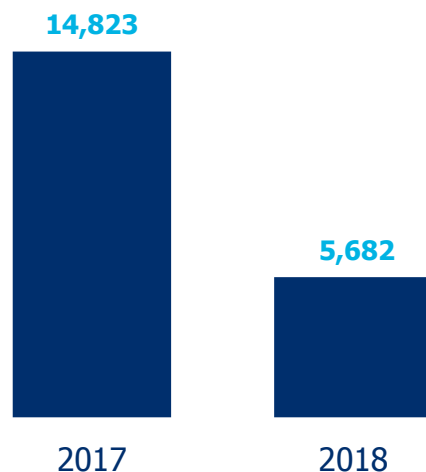
Source:  
IFRS financial statements

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

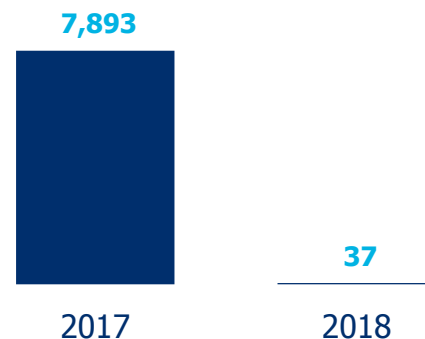
# EBITDA AND NET INCOME ANALYSIS

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.

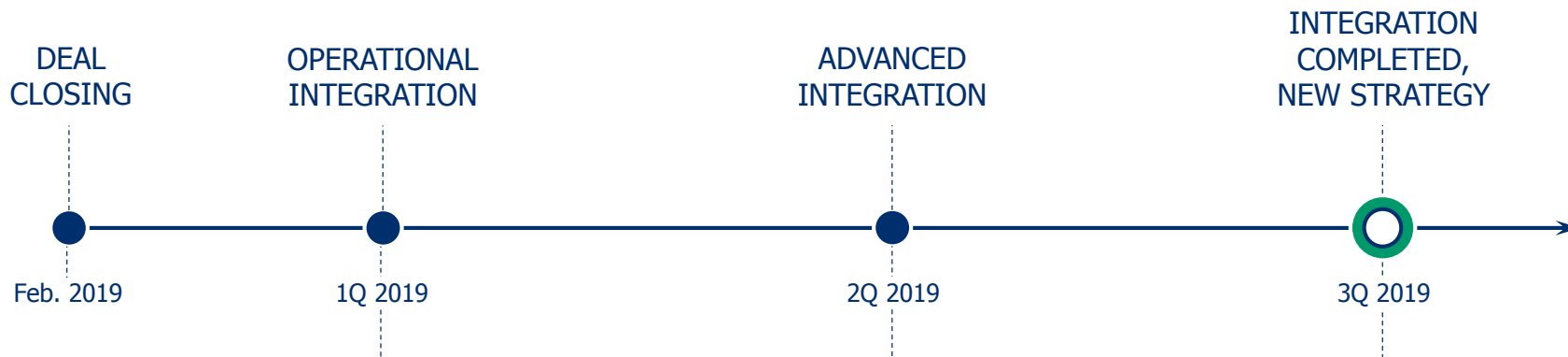
# LEADER-INVEST INTEGRATION



# INTEGRATION TIMETABLE



INTEGRATION PROCESS IS WELL ON TRACK, WITH OPERATIONAL INTEGRATION ALMOST FULLY COMPLETED



- ✓ Integration of Leader-Invest projects into the Etalon sales network completed
- ✓ Termination of inefficient construction contracts and signing of new contracts with Etalon general and sub contractors based on tender procedures completed
- ✓ Established unified management team
- ✓ Optimisation of personnel structure and elimination of duplicate functions is well on track

- Unification of IFRS reporting systems, as well as other policies and standards
- Formation of a unified corporate culture
- Best practices identification and its implementation
- Prepare new development strategy

1. Start of sales of Leader-Invest projects under the Etalon Group brand
2. Leader-Invest consolidation in financial reporting
3. New strategy adoption and presentation to the market



# MANAGEMENT TEAM FOR MOSCOW OPERATIONS



BALANCED APPROACH ENABLES  
SUCCESSFUL TRANSITION PERIOD

## APPROACH TO THE FORMATION

- Determine the optimal system for managing the integrated business
- Identify best practices in both companies
- Establish a management team based on the best practices in both companies
- Merge corporate cultures by maintaining a balance between Etalon Group and Leader-Invest teams in management positions
- Establish a unified management incentive system for the combined business

## NEXT STEPS

- Headcount optimisation and reduction of duplicate functions
- Single office in Moscow
- Establish a unified incentive system for employees of the integrated company

## NEW MANAGEMENT TEAM STRUCTURE



- from Etalon Group
- from Leader-Invest

# INTEGRATION OF LEADER-INVEST PROJECTS INTO THE ETALON SALES NETWORK



## INTEGRATION MILESTONES

- Promotion of Leader-Invest projects on the Etalon Group sales website
- Establishing infrastructure for sales of Leader-Invest projects in Etalon Group sales offices
- Integration of CRM systems
- Training of sales managers to promote an extended range of projects
- Launch of sales of Leader-Invest projects via Etalon Group regional sales network is well on track
- Launch of transition of Leader-Invest projects to Etalon Group branding

## FIRST RESULTS

- Increase in sales and prices for Leader-Invest projects
- Expanded customer base

Source: Company data  
(1) www.etalon-invest.com

## LEADER'S PROJECTS AVAILABLE ON ETALON GROUP PROMOTION WEBSITE(1)

Project Name	Address	Area	Start Date	Price Range
Central Park	ЮАО, Автозаводская ул., д. 23, стр. 18А	от 36 до 147 м²	III кв. 2023 года	Помещения от 7 до 35,4 млн Р
ЖК «Крылья»	ЗАО, ул. Лобачевского, вл. 120	от 36 до 147 м²	II кв. 2021 года	Помещения от 7 до 35,4 млн Р
Резиденция на Покровском бульваре	ЦАО, Покровский б-р, вл. 5, стр. 1, 2	от 58 до 143 м²	I кв. 2019 года	Помещения от 30,4 до 92 млн Р
Клубный дом на Сретенке	ЦАО, Девя пер., д. 19	от 79 до 119 м²	Сдан	Помещения от 37,4 до 61,4 млн Р
Резиденция на Всеволожском	ЦАО, Всеволоцкий пер., вл. 5	от 104 до 155 м²	I кв. 2019 года	Помещения от 135,5 до 235,5 млн Р
Счастье на Дмитровке	САО, ул. Софьи Новалеской, вл. 20	от 38 до 85 м²	Сдан	Помещения от 7,7 до 16,3 млн Р
Счастье на Сходненской	СЗАО, ул. Фабрициуса, вл. 18, стр. 1	от 39 до 98 м²	Сдан	
Счастье на Масловке	САО, ул. Мишина, вл. 14	от 49 до 132 м²	I кв. 2019 года	
Счастье в Мневниках	СЗАО, ул. Демьяна Безногого, д. 15	от 38 до 88 м²	Сдан	

LEADER-INVEST INTEGRATION

ETALON GROUP

# CONSTRUCTION AND DEVELOPMENT



## INTEGRATION MILESTONES

- Deep audit of Leader-Invest construction sites
- Legal due diligence on contracts with general contractors and subcontractors for possible termination and estimation of termination costs
- Termination of contracts with contractors that are responsible for construction delays
- Etalon Group companies carry out general contracting and subcontracting work at Leader-Invest construction sites
- Transfer of completed Leader-Invest projects to Etalon Group's service and maintenance company

## FIRST RESULTS

- Improved construction quality and construction schedules
- Reduction in building materials procurement costs

## ETALON GROUP SUBCONTRACTOR LENSPESSMU COMFORT ON LEADER-INVEST PROJECTS

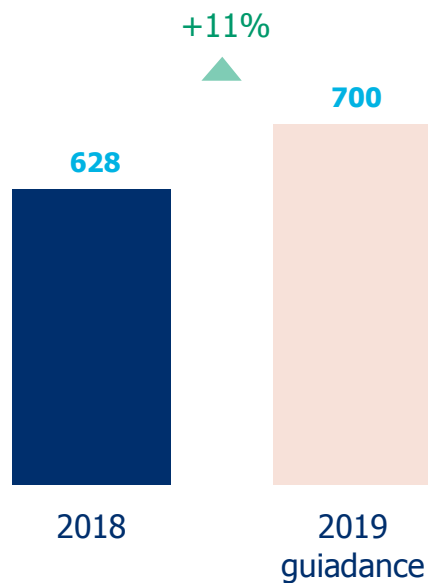


# SALES GUIDANCE FOR 2019



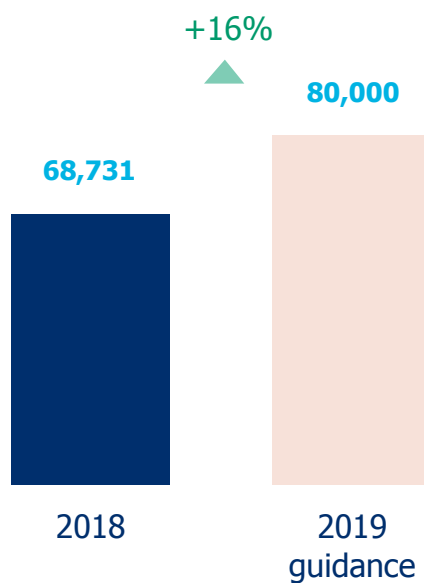
## NEW CONTRACT SALES

ths sqm



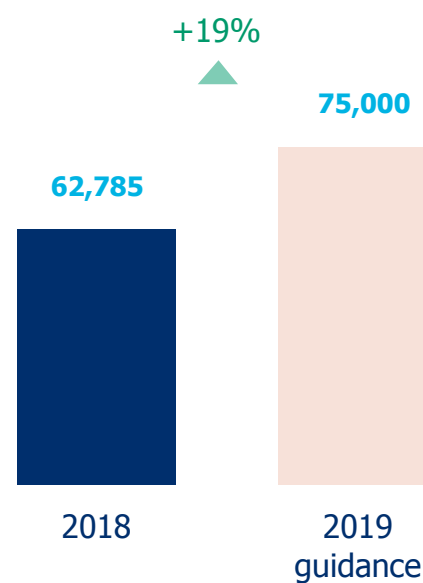
## NEW CONTRACT SALES

mln RUB



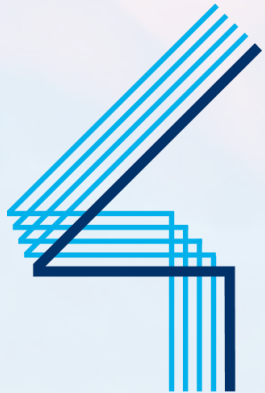
## CASH COLLECTIONS

mln RUB





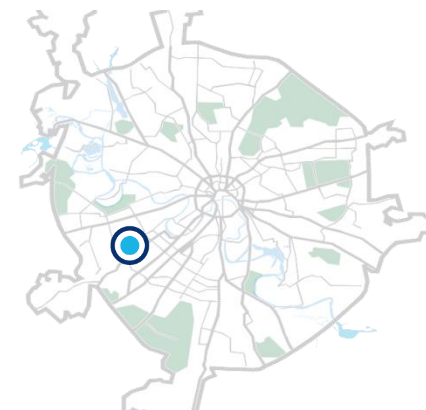
# SELECTED PROJECTS





APRIL 2019

VISUALISATION



Total NSA  
160 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 10,966 mln

Moscow

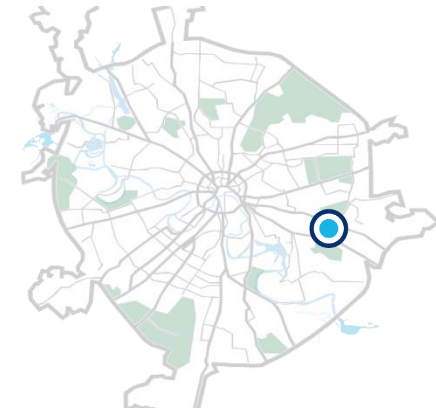
<sup>(1)</sup> Colliers International estimate as of 01.10.2018



# SCHASTYE NA VOLGOGRADKE

APRIL 2019

VISUALISATION



Total NSA  
13 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 549 mln

Moscow

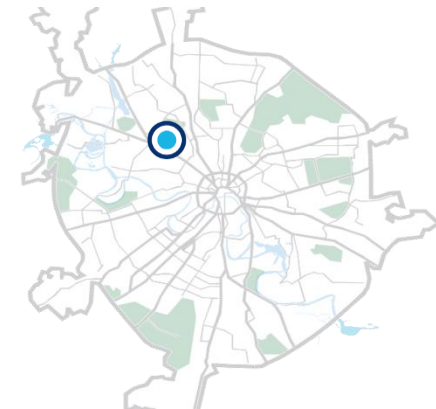
<sup>(1)</sup> Colliers International estimate as of 01.10.2018



# SCHASTYE NA SOKOLE

APRIL 2019

VISUALISATION



Total NSA  
9 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 183 mln

Moscow

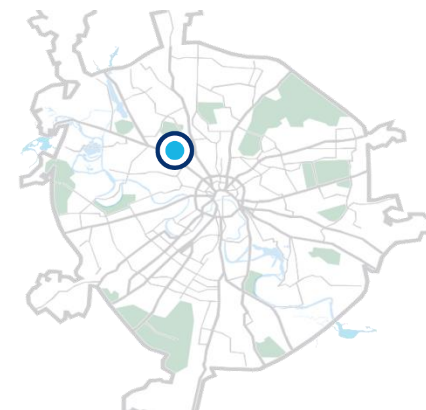
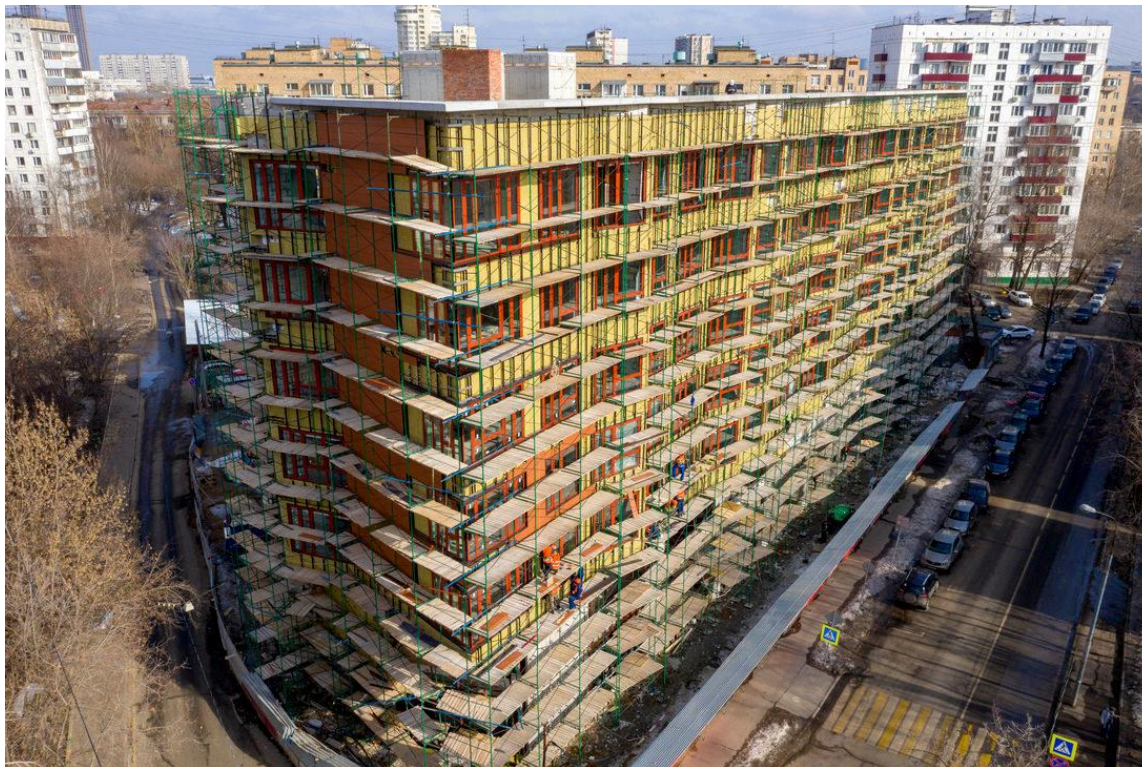
<sup>(1)</sup> Colliers International estimate as of 01.10.2018



# SCHASTYE NA MASLOVKE

APRIL 2019

VISUALISATION



Total NSA  
8 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 463 mln

Moscow

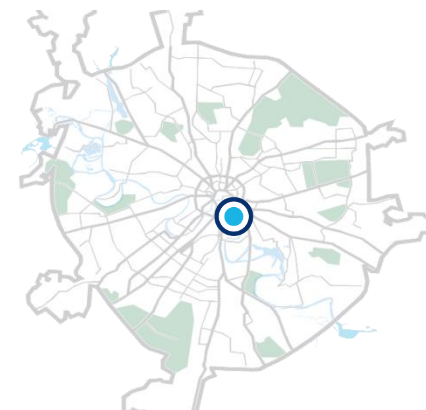
<sup>(1)</sup> Colliers International estimate as of 01.10.2018



# RESIDENCE ON POKROVSKIY BULVAR

APRIL 2019

VISUALISATION



Total NSA  
7 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 635 mln

Moscow

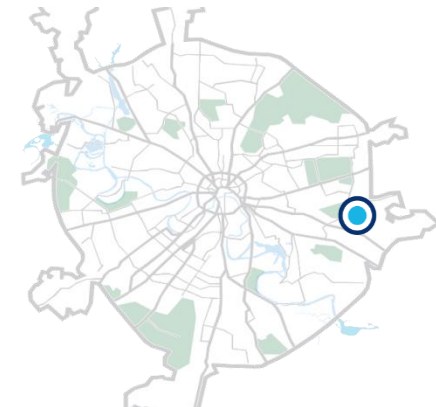
<sup>(1)</sup> Colliers International estimate as of 01.10.2018



# SHASTYE V VESHNYAKAH

APRIL 2019

VISUALISATION



Total NSA  
7 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 456 mln

Moscow

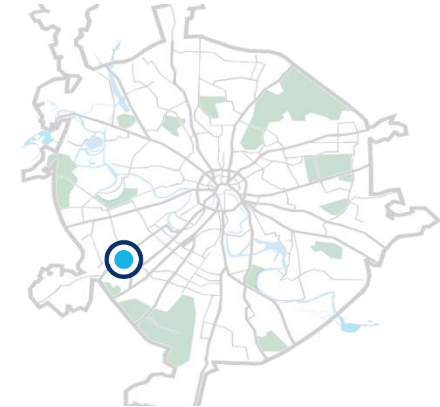
<sup>(1)</sup> Colliers International estimate as of 01.10.2018



# SCHASTYE NA LENINSKOM

APRIL 2019

VISUALISATION



Total NSA  
7 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 367 mln

Moscow

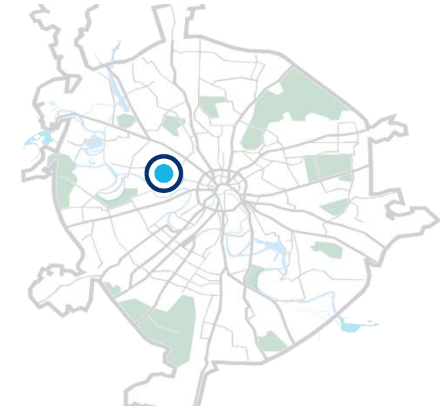
<sup>(1)</sup> Colliers International estimate as of 01.10.2018



# SCHASTYE NA PRESNE

APRIL 2019

VISUALISATION



Total NSA  
7 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 301 mln

Moscow

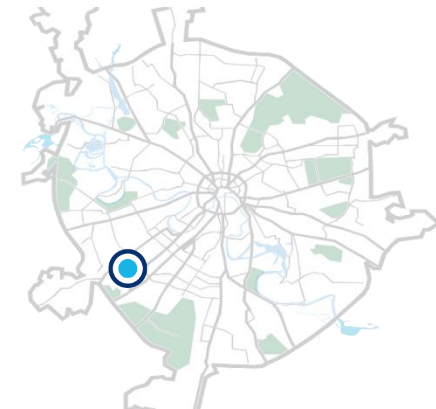
<sup>(1)</sup> Colliers International estimate as of 01.10.2018



# SCHASTYE V OLIMPIYSKOY DEREVNE

APRIL 2019

VISUALISATION



Total NSA  
7 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 176 mln

Moscow

<sup>(1)</sup> Colliers International estimate as of 01.10.2018



# SCHASTYE V KUSKOVO

APRIL 2019

VISUALISATION



Total NSA  
6 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 312 mln

Moscow

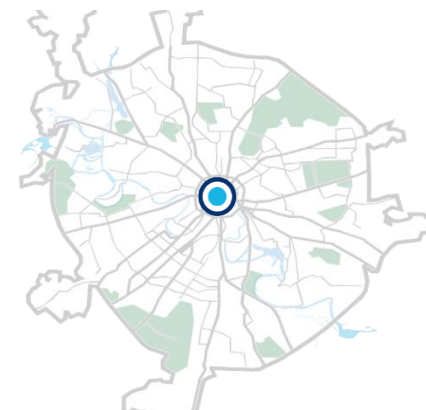
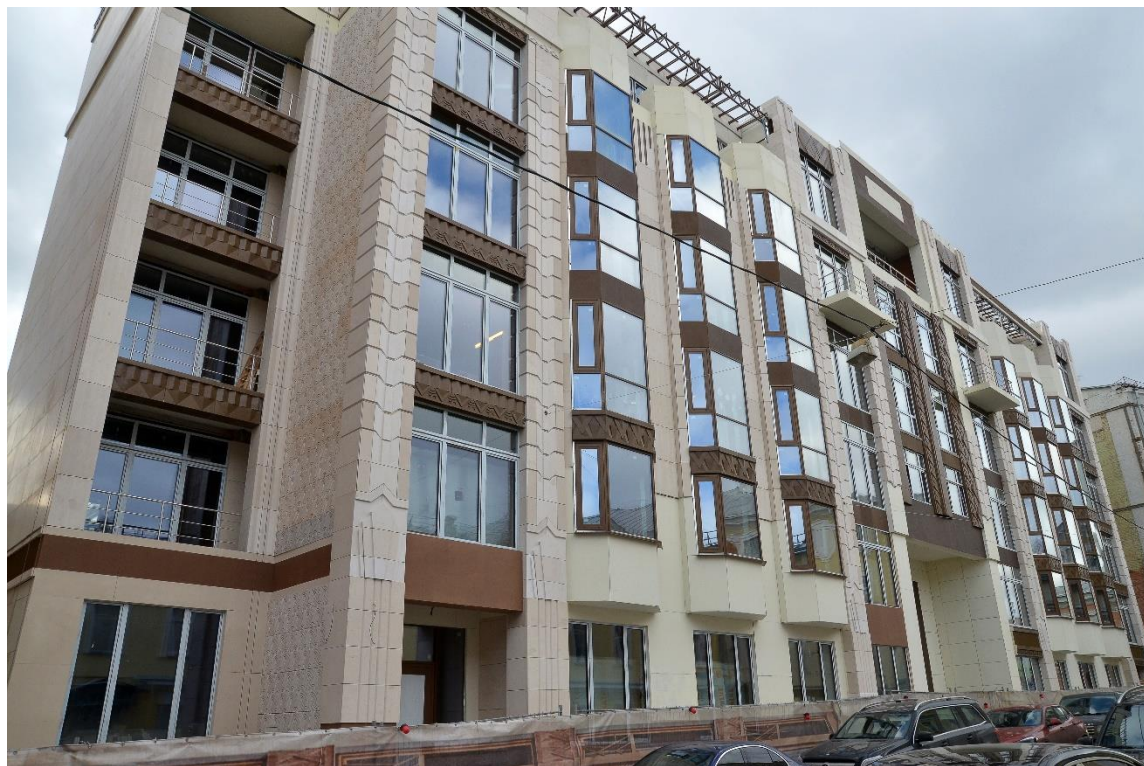
<sup>(1)</sup> Colliers International estimate as of 01.10.2018



# RESIDENCE ON VSEVOLOZHSKIY

APRIL 2019

VISUALISATION



Total NSA  
5 ths sqm

Open Market Value<sup>(1)</sup>  
RUB 3,186 mln

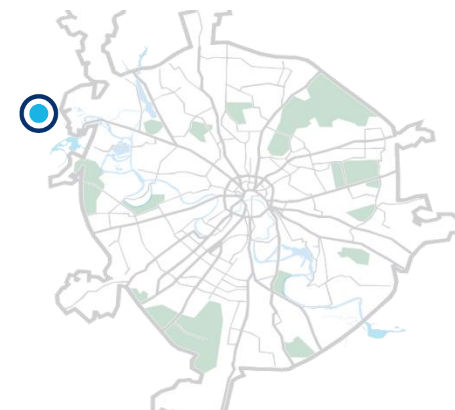
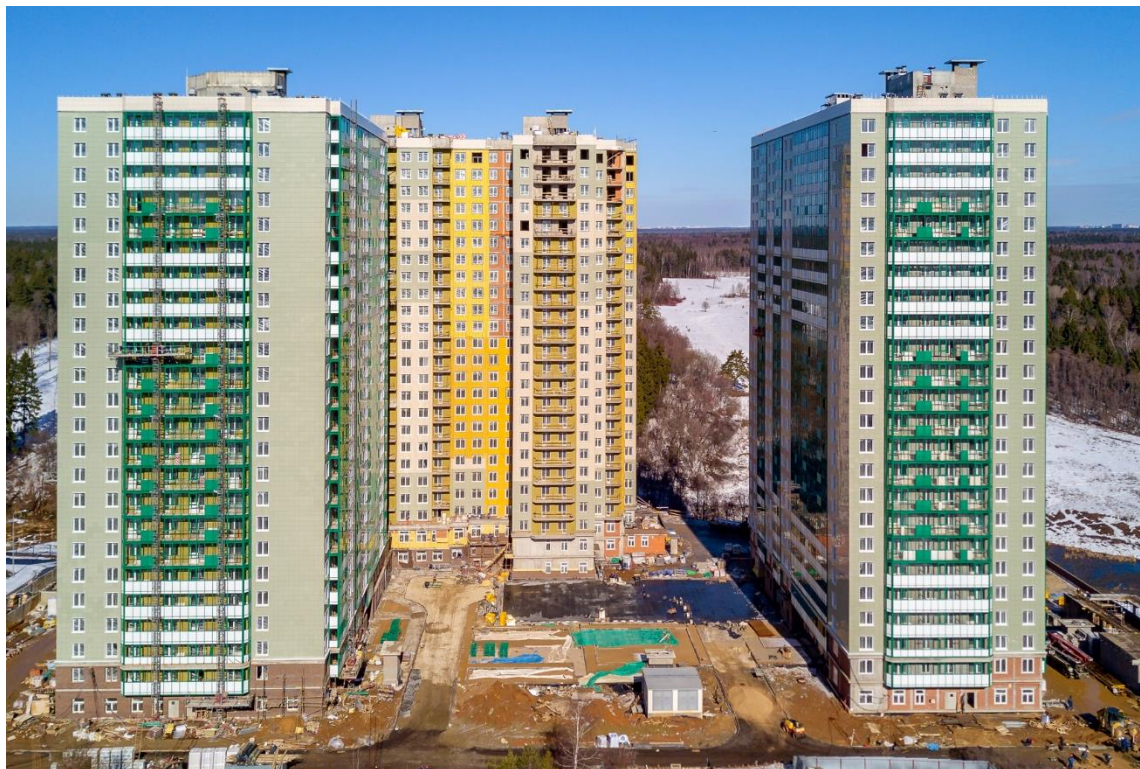
Moscow

<sup>(1)</sup> Colliers International estimate as of 01.10.2018

# EMERALD HILLS

APRIL 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

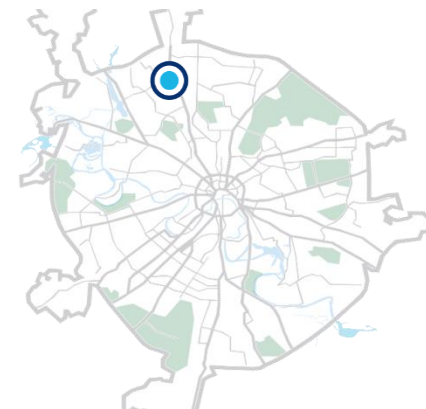
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# SUMMER GARDEN

APRIL 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

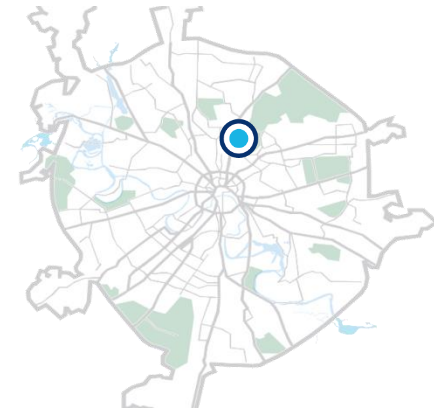
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# SILVER FOUNTAIN

APRIL 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

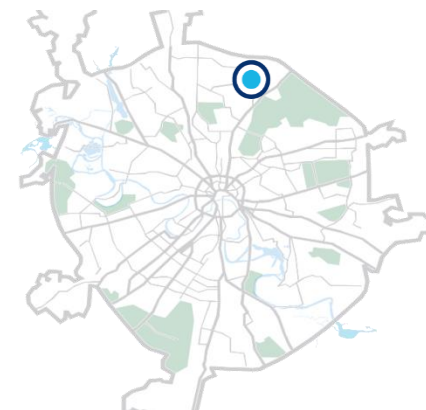
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# NORMANDY

APRIL 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



APRIL 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

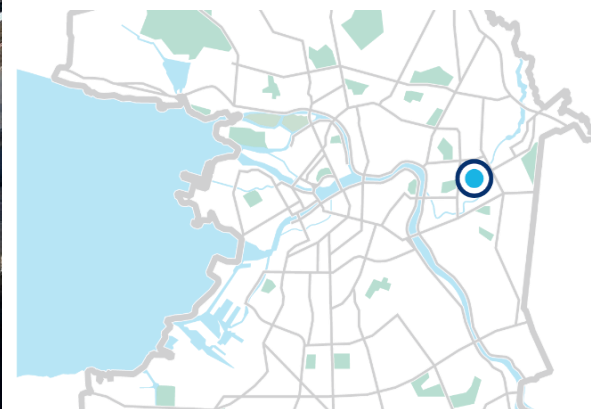
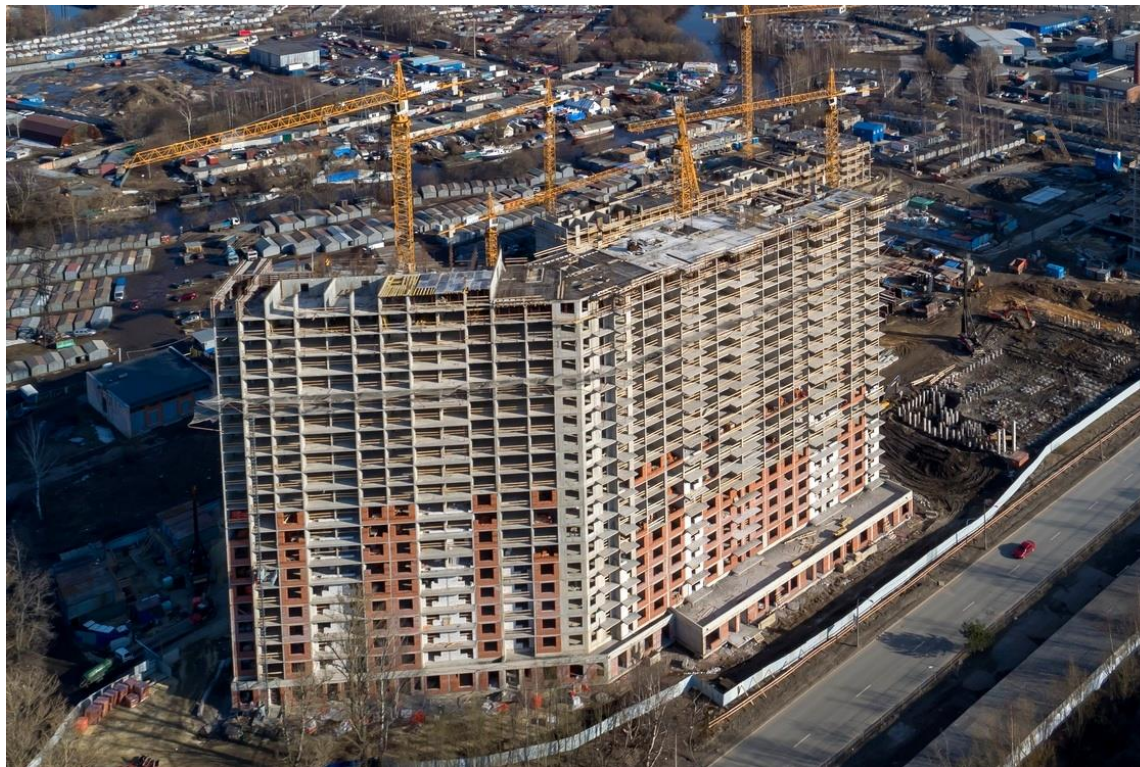
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# OKHTA HOUSE

APRIL 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

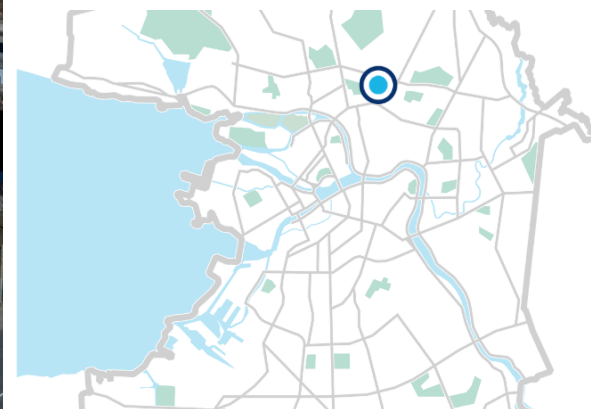
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# HOUSE ON BLYUKHERA

APRIL 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

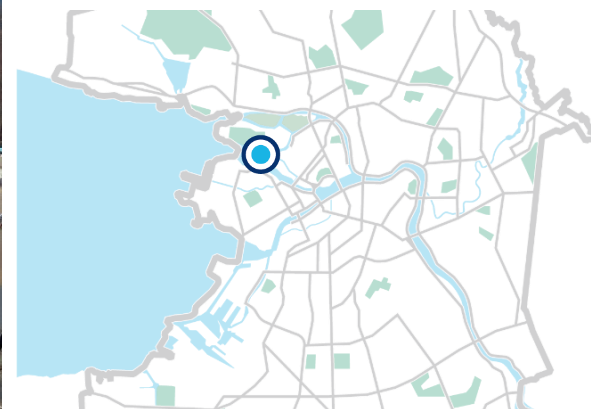
St Petersburg

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

# PETROVSKIY LANDMARK

APRIL 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

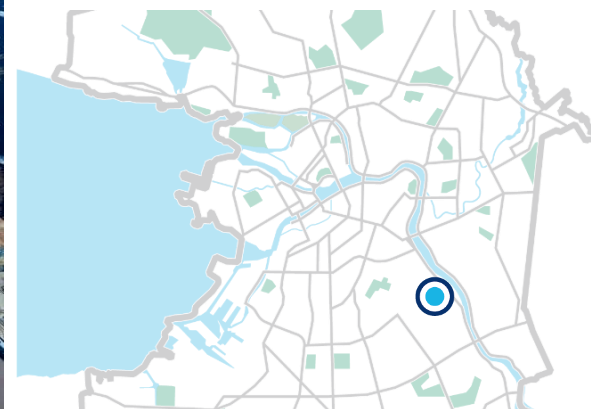
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# ETALON ON THE NEVA

APRIL 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

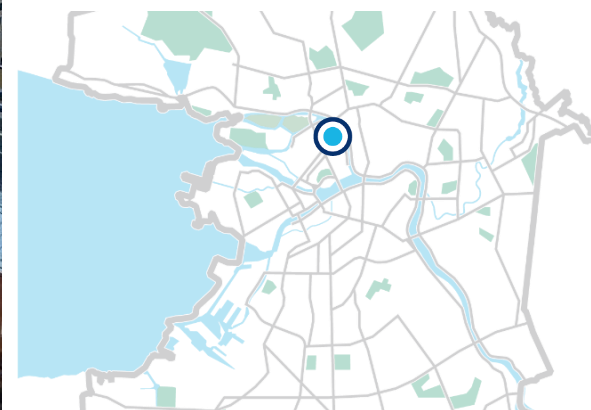
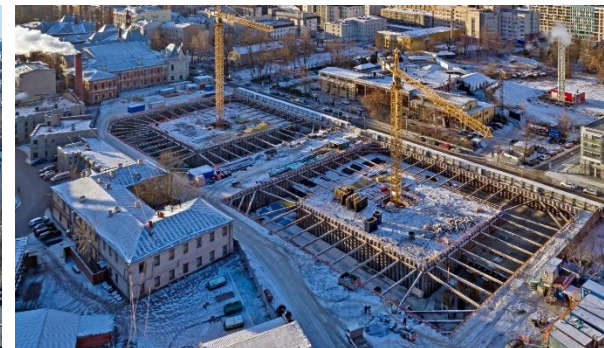
St Petersburg

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



APRIL 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

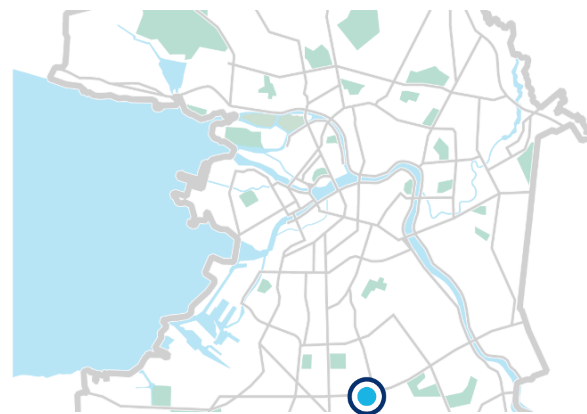
<sup>(1)</sup> Knight Frank estimate as of 30.06.2018



# HOUSE ON KOSMONAVTOV

APRIL 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

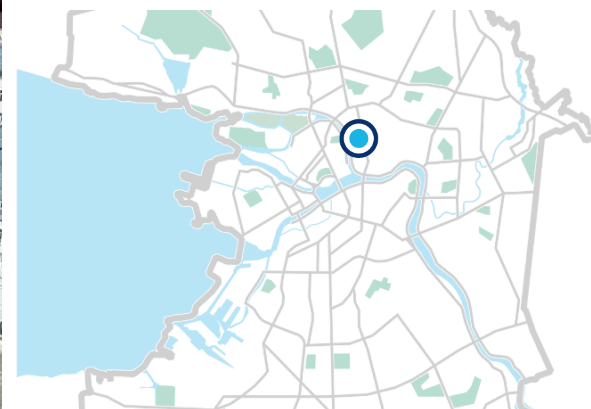
St Petersburg

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



APRIL 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



# APPENDIX



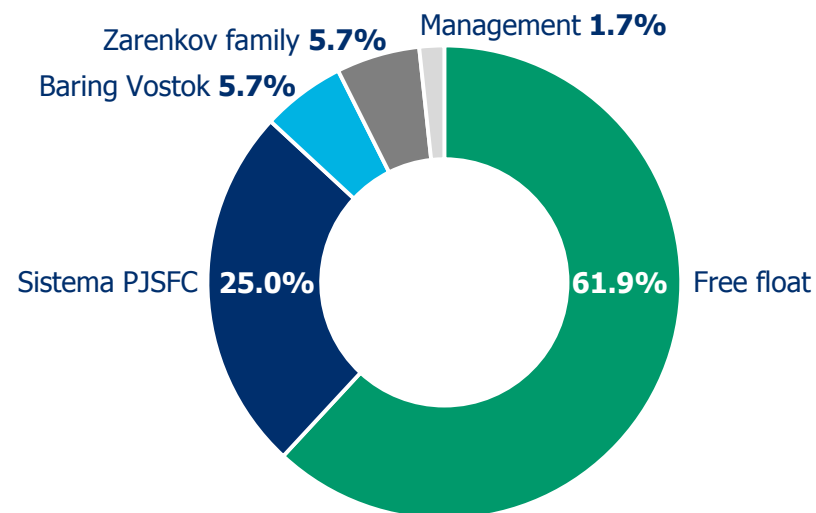
# CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE



## CORPORATE GOVERNANCE STRUCTURE



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



Source:  
Company data

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



# BOARD OF DIRECTORS REPRESENTS INTERESTS OF ALL INVESTOR GROUPS



## NON-EXECUTIVE DIRECTORS



**OLEG MUBARAKSHIN**

Chairman of the Board of Directors

### 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

- 12 years' experience in corporate finance and asset management
- Previously held position of senior equity portfolio manager at TKB BNP Paribas Investment Partners
- In 2013 voted one of the top-3 portfolio managers in Russia by Thomson Reuters Extel Survey

### EDUCATION

- St Petersburg State University of Economics and Finance



**MAXIM BERLOVICH**

Executive Director, Head of Moscow Operations

### 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



**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)



**MARINA OGOBLINA**

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



**BORIS SVETLICHNY**

Independent Non-Executive Director

### EXPERIENCE AND AWARDS

- Over 27 years of experience in finance and senior management with international and Russian companies
- Recent experience included CFO position at Orange in Russia, VP for Finance at Vimpelcom and CFO at Golden Telecom

### EDUCATION

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



**MARTIN COCKER**

Independent Non-Executive Director

### EXPERIENCE AND AWARDS

- Over 20 years of experience in audit, 7 years - in construction industry
- Runs his own development business in Portugal
- Worked at Deloitte & Touche, KPMG and Ernst & Young in Russia, Kazakhstan and UK

### EDUCATION

- University of Keele



**CHARALAMPOS AVGOUSTI**

Independent Non-Executive Director

### EXPERIENCE AND AWARDS

- 10 years of legal experience in the real estate, corporate and banking sectors
- Founder and Managing Director of Ch. Avgousti & Partners LLC (Advocates & legal consultants)
- Board member at Cyprus Telecommunication Authority (CYTA), member of the Advisory council of Limassol for the Central Cooperative Bank

### EDUCATION

- Northumbria University Newcastle (LLM in International Commercial Law), Democritus University of Thrace



**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)

# 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
<i>Adjustments for:</i>			
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
<b>CASH FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL</b>	<b>5,522</b>	<b>11,625</b>	<b>3,707</b>
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
<b>CURRENT PART</b>			
+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
<b>NON-CURRENT PART</b>			
+Trade and other receivables	5,063	5,867	5,777
- Trade and other payables	859	2,546	1,995
- Provisions	107	102	121
<b>ADJUSTMENTS</b>			
- 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
<b>WORKING CAPITAL</b>	<b>55,189</b>	<b>62,169</b>	<b>46,546</b>

Source:  
IFRS financial statements



# FCF CALCULATION

MLN RUB	2016	2017	2018
Comprehensive income	4,902	7,893	37
<b>ADJUSTMENTS FOR</b>			
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)
<b>(Increase)/decrease in working capital:</b>	<b>478</b>	<b>(6,563)</b>	<b>15,179</b>
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
<b>(Increase)/decrease in invested capital based on CF statement:</b>	<b>(618)</b>	<b>(181)</b>	<b>(485)</b>
Acquisition of PP&E	(711)	(707)	(550)
Proceeds from disposal of non-current assets	93	526	65
<b>FCF</b>	<b>819</b>	<b>243</b>	<b>14,672</b>

Source:  
IFRS financial statements



# INVESTOR PRESENTATION

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