



ETALON

1H 2023

FINANCIAL RESULTS

August 2023

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FINANCIAL RESULTS: KEY TAKEAWAYS

1

SOLID REVENUE PERFORMANCE

32.8 bln RUB

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

2

HIGH PRE-PPA GROSS MARGIN

▲ 3 p.p.

36%

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

3

RESIDENTIAL DEVELOPMENT MARGINS

▲ 5 p.p.

40%

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

4

STRONG PRE-PPA LTM EBITDA GROWTH

▲ +20%

19.5 bln RUB

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

5

COMFORTABLE FINANCIAL POSITION

0.7x

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

FINANCIAL RESULTS

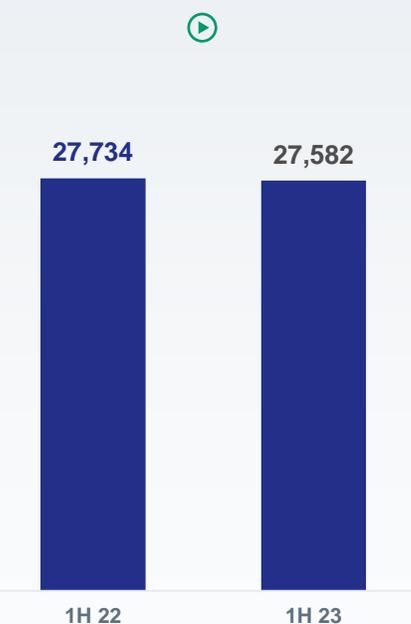


REVENUE REMAINS ALMOST UNCHANGED Y-O-Y DESPITE THE DROP IN CONSUMER CONFIDENCE

CONSOLIDATED
REVENUE
RUB mln



RESIDENTIAL DEVELOPMENT
REVENUE
RUB mln



RESIDENTIAL DEVELOPMENT
REVENUE BY REGION
RUB mln

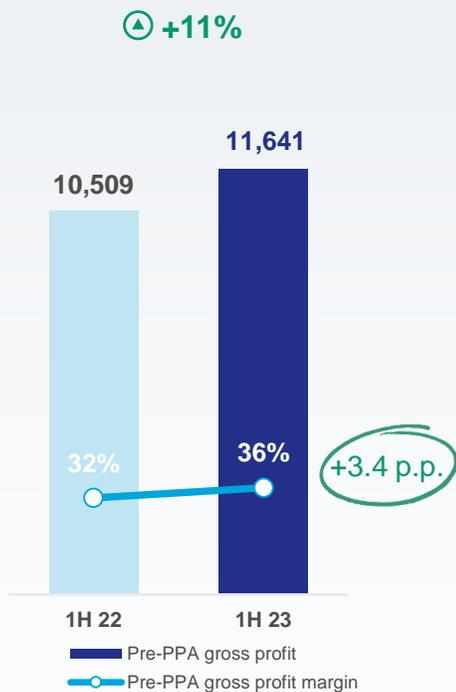


- Revenue remained almost unchanged year-on-year, at RUB 32.8 bln, **notwithstanding the drop in consumer confidence** seen after May 2022 until early 2023
- With first regional project launched in 2022, **residential development in regional markets** accounted for RUB 3.5 bln in the 1H23 revenue (13%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

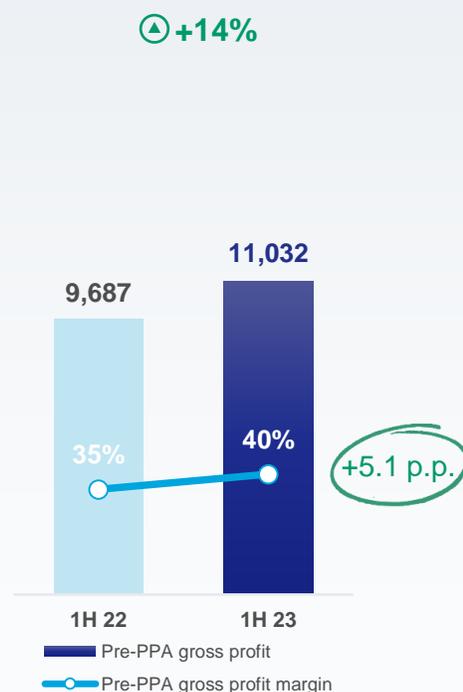
PRE-PPA GROSS MARGINS ABOVE THE TARGET 35% AND SECOND ONLY TO RECORD 1H21 LEVELS

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

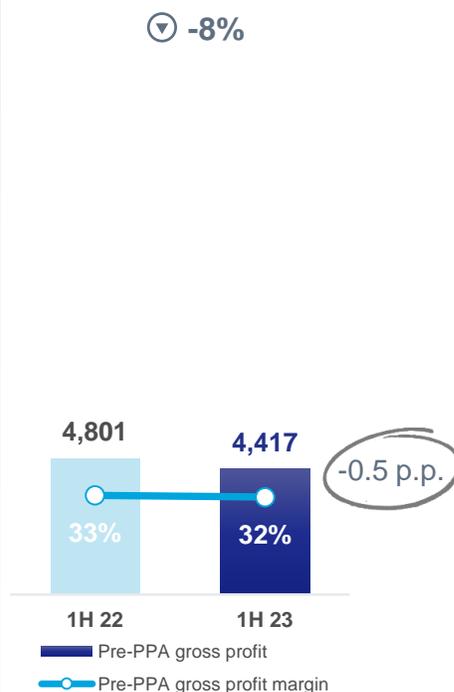
PRE-PPA⁽¹⁾ CONSOLIDATED GROSS PROFIT
RUB mln



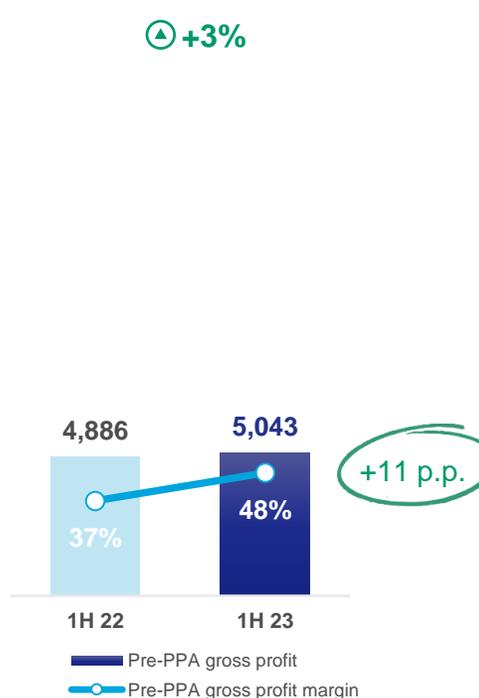
PRE-PPA⁽¹⁾ RESIDENTIAL DEVELOPMENT GROSS PROFIT
RUB mln



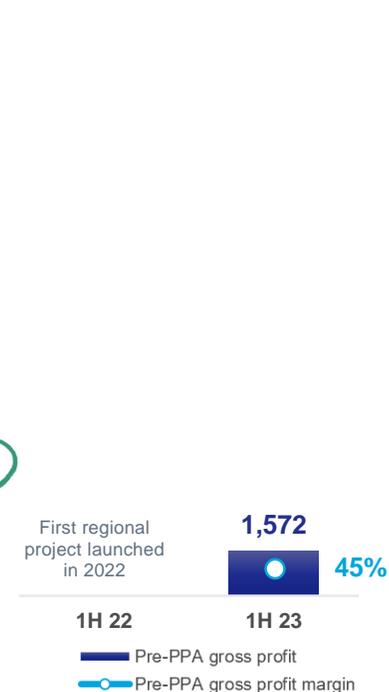
PRE-PPA⁽¹⁾ RESIDENTIAL DEVELOPMENT GROSS PROFIT, MOSCOW
RUB mln



PRE-PPA⁽¹⁾ RESIDENTIAL DEVELOPMENT GROSS PROFIT, ST PETERSBURG
RUB mln



PRE-PPA⁽¹⁾ RESIDENTIAL DEVELOPMENT GROSS PROFIT, REGIONS
RUB mln



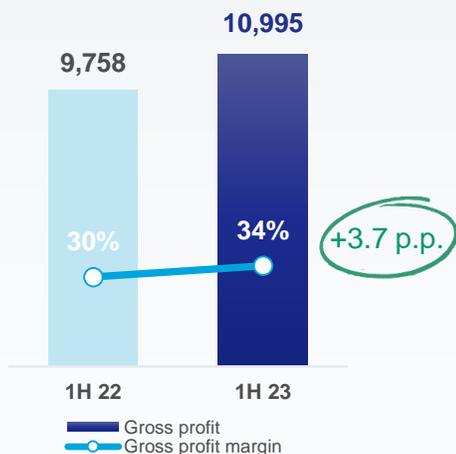
Source: IFRS Financial statements; y-o-y change was calculated without rounding
(1) Purchase price allocation

DOUBLE-DIGIT GROWTH IN CONSOLIDATED AND RESIDENTIAL DEVELOPMENT GROSS PROFIT

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

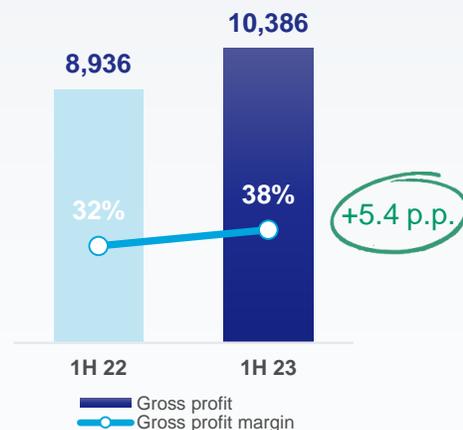
CONSOLIDATED GROSS PROFIT
RUB mln

▲ +13%



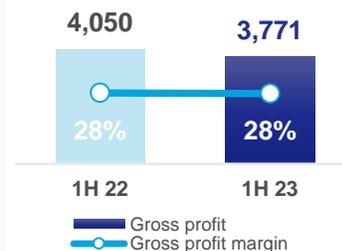
RESIDENTIAL DEVELOPMENT GROSS PROFIT
RUB mln

▲ +16%



RESIDENTIAL DEVELOPMENT GROSS PROFIT, MOSCOW
RUB mln

▼ -7%



RESIDENTIAL DEVELOPMENT GROSS PROFIT, ST PETERSBURG
RUB mln

▲ +3%



RESIDENTIAL DEVELOPMENT GROSS PROFIT, REGIONS
RUB mln

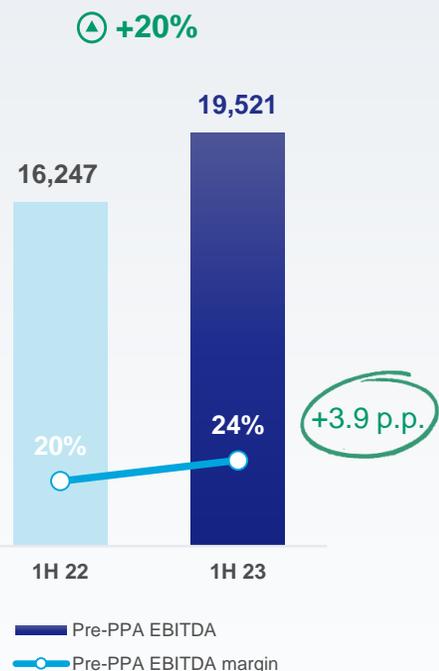


Source: IFRS Financial statements; y-o-y change was calculated without rounding

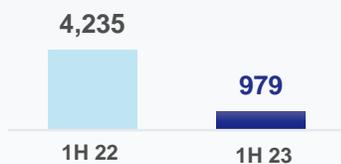
LTM EBITDA AND NET INCOME ANALYSIS

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

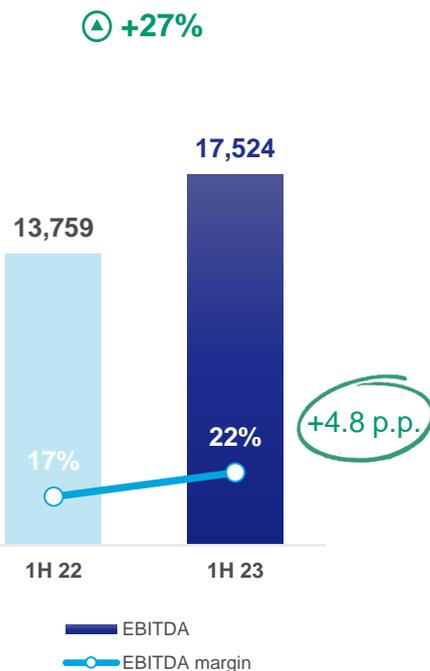
LTM PRE-PPA⁽¹⁾ EBITDA
RUB mln



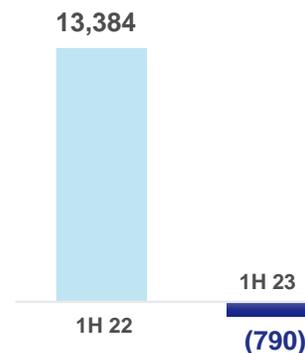
PRE-PPA⁽²⁾ LTM NET INCOME
RUB mln



LTM EBITDA
RUB mln



LTM NET INCOME
RUB mln



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

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

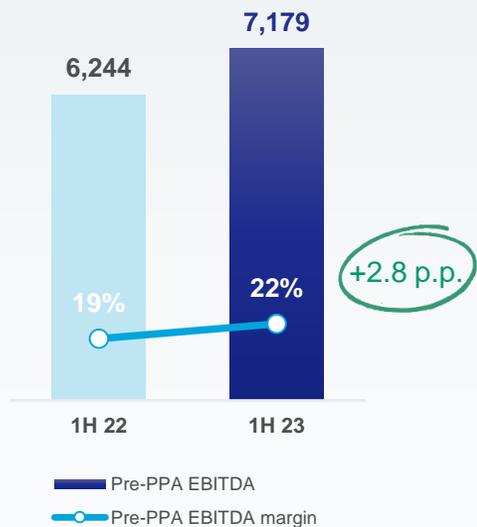
⁽¹⁾ Purchase price allocation

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

1H 2023 EBITDA AND NET INCOME ANALYSIS

PRE-PPA⁽¹⁾ EBITDA
RUB mln

⬆️ +15%

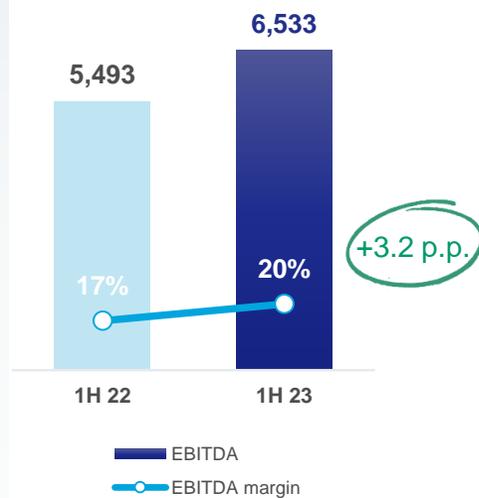


PRE-PPA⁽²⁾ NET INCOME
RUB mln

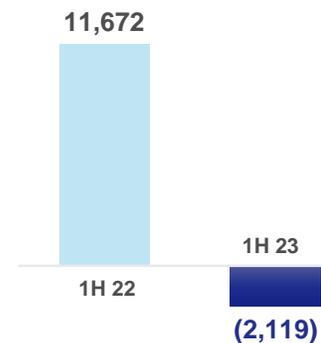


EBITDA
RUB mln

⬆️ +19%



NET INCOME
RUB mln



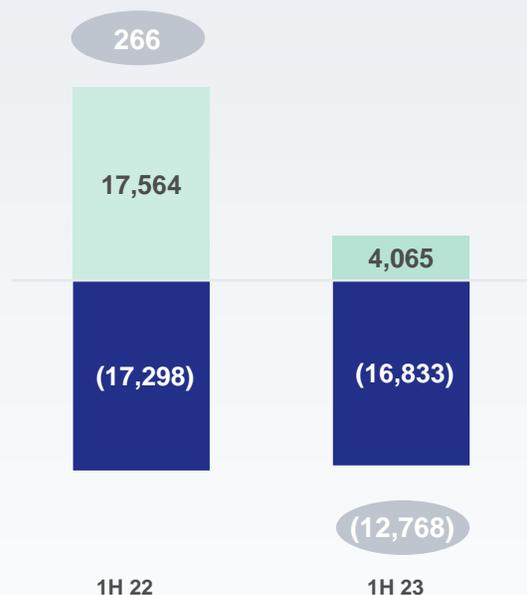
- Pre-PPA EBITDA amounted to RUB 7.2 bln, **margin grew by 3 p.p.** year-on-year
- EBITDA **increased by 19%** to RUB 6.5 bln
- Pre-PPA net loss was at RUB 1.6 bln, net loss adjusted for PPA for 1H 2023 was at RUB 2.1 bln due to a temporary growth of interest expenses driven by lower coverage of project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

Source: IFRS Financial statements, Company data; y-o-y change and net debt level were calculated without rounding
⁽¹⁾ Purchase price allocation
⁽²⁾ Net income adjusted for purchase price allocation and gain from bargain purchase for YIT Russia acquisition

CASH FLOW ANALYSIS

OPERATING CASH FLOW⁽¹⁾

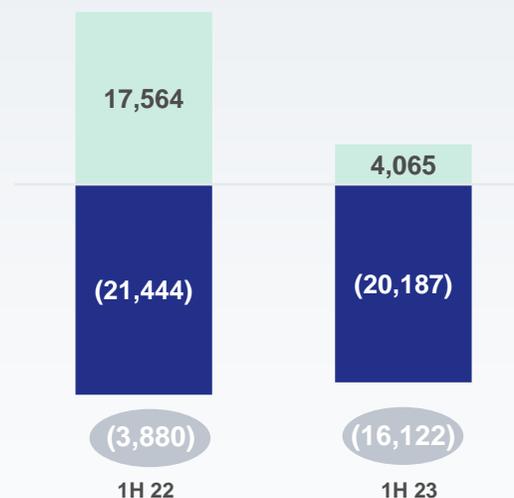
RUB mln



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

FREE CASH FLOW⁽²⁾

RUB mln



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

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

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

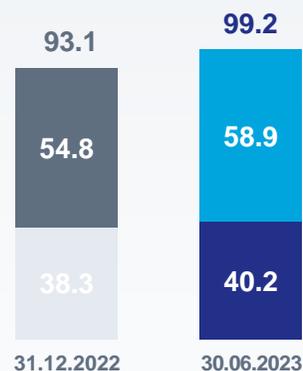
⁽¹⁾ Incl. cash collections in escrow accounts

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

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

TOTAL DEBT
RUB bln

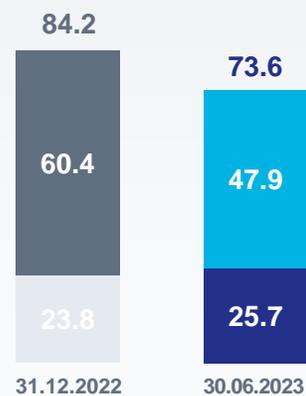
▲ +7%



● Project debt
● Corporate debt

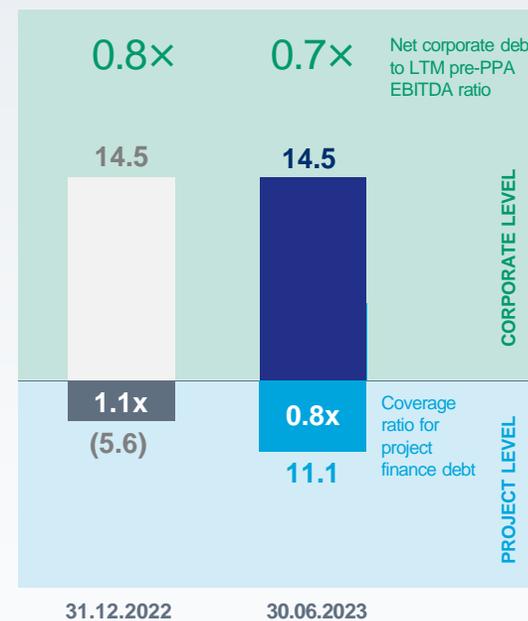
CASH AND CASH EQUIVALENTS
RUB bln

▼ -13%



● Cash in escrow accounts
● Cash & cash equivalents⁽¹⁾

NET DEBT (CASH)
RUB bln



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

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

Source: IFRS Financial statements, Company data; y-o-y change and net debt level were calculated without rounding
⁽¹⁾ Including bank deposits over 3 months; excluding cash collections in escrow accounts
⁽²⁾ Project finance debt less cash on escrow accounts
⁽³⁾ Projects debt used in calculation of coverage ratio includes escrow adjustments

APPENDIX



INCOME STATEMENT

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

BALANCE SHEET

MLN RUB 31.12.2022 30.06.2023

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

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

CASH FLOW STATEMENT

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

Source: IFRS Financial statements

EBITDA CALCULATION

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

FCF CALCULATION

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

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