

# Full Year 2017 Financial Results

March 2018



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# 2017 FINANCIAL RESULTS HIGHLIGHTS

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## Revenue

- Revenues reached a record RUB138bn, up 30% YoY, primarily driven by robust performance across all regions of presence (Saint-Petersburg, Moscow, Yekaterinburg)

## Adjusted EBITDA and margin

- Adjusted EBITDA surged by 33% YoY to RUB37bn
- Adjusted EBITDA margin stands at 27%

## Net profit

- Profit for the period increased by 73% YoY to RUB16bn, on the back of revenue and operating profitability growth
- EPS stood at RUB154.51

## Debt and leverage

- Net debt increased up to RUB43bn
- Net debt/ EBITDA ratio marginally rose to 1.17x
- Average borrowing rate declined to 9.1% as of 2017 year-end

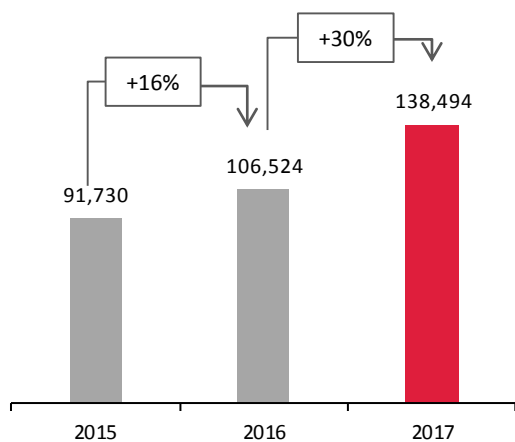
## Real Estate portfolio

- Real estate portfolio was valued by Knight Frank at RUB185bn (as of December 31, 2017)
- Assessed value per sqm up by 32% YoY

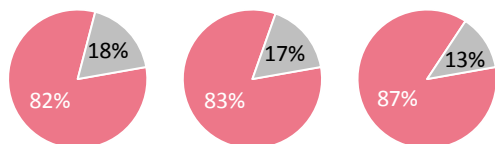
# REVENUE AND ADJUSTED EBITDA BREAKDOWN

- Revenue hit a record of RUB138.5bn, up 30% YoY, with adjusted EBITDA demonstrating robust growth of 33% YoY
- Adjusted EBITDA margin stood at 27% while operating profit margin was 16%
- Growth primarily driven by strong performance across all regions (Saint-Petersburg, Moscow, Urals)
- Net profit reached RUB15.9bn on the back of revenue and operating profitability growth

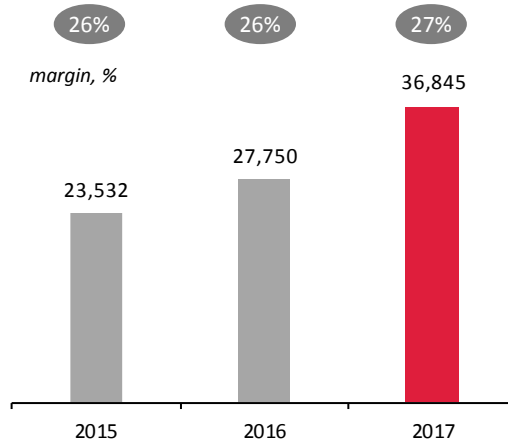
### REVENUE DYNAMICS (RUB M)



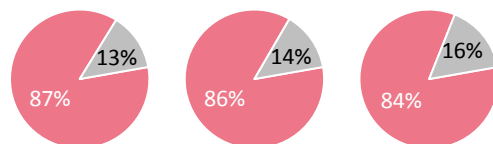
### Revenue Breakdown



### ADJUSTED EBITDA<sup>1</sup> DYNAMICS (RUB M)

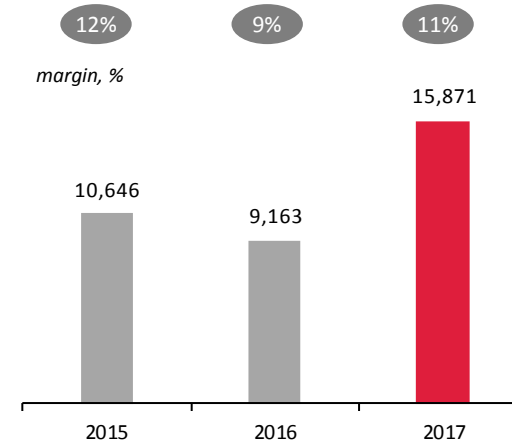


### Adjusted EBITDA Breakdown<sup>2</sup>

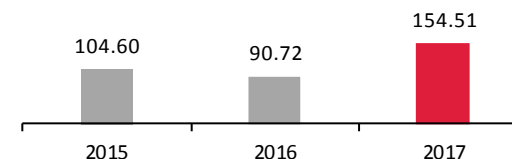


■ Real Estate & Construction ■ Building Materials

### NET PROFIT DYNAMICS (RUB M)



### EPS Dynamics (RUB)

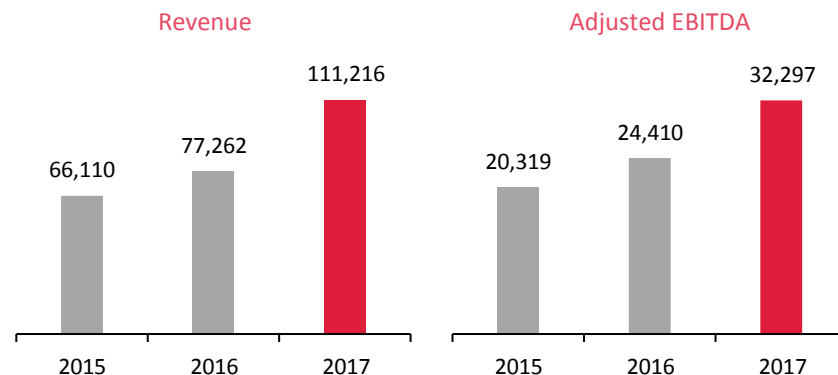


# REAL ESTATE DEVELOPMENT SEGMENT PERFORMANCE

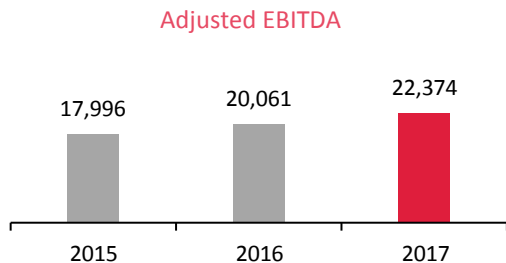
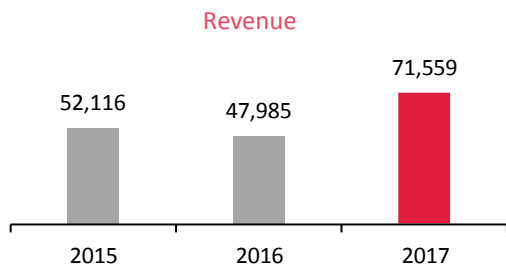
## KEY DEVELOPMENTS

- In 2017 Real Estate segment revenue increased by 44% to RUB111.2bn
- Real Estate adjusted EBITDA rose to RUB32.3bn (32% YoY), with adjusted EBITDA margin standing at 29%
- Robust growth rates were driven by solid performance across all regions of presence (Saint-Petersburg revenue up 49% YoY, Moscow – 34% YoY, Urals – 44% YoY)

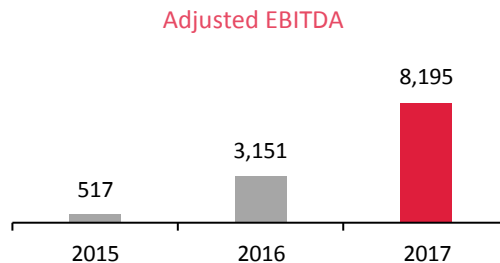
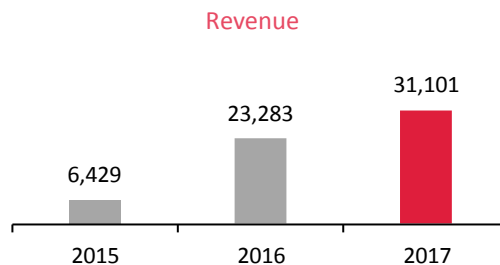
## REVENUE AND ADJUSTED EBITDA DYNAMICS (RUB M)



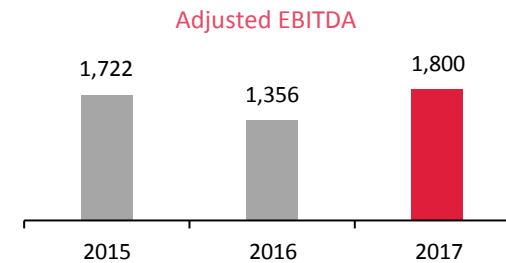
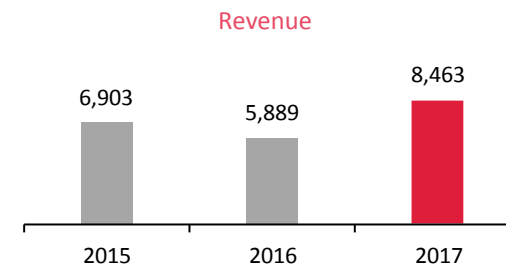
### SAINT PETERSBURG



### MOSCOW



### URALS

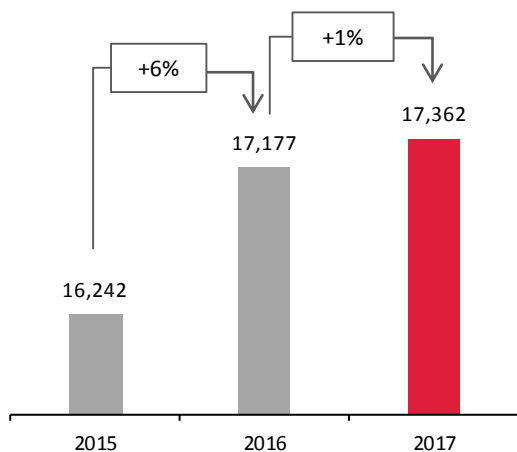


# BUILDING MATERIALS SEGMENT PERFORMANCE

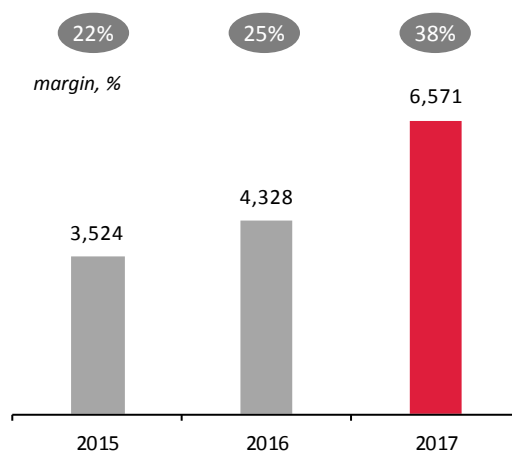
## KEY DEVELOPMENTS

- In 2017 the sales revenue of building materials division increased by 1% to RUB17,362m
- Adjusted EBITDA increased by 52% to RUB6,571m with margin hitting 38% level
- Crushed granite is affected by the deficit of rolling stock on Oktyabrskaya railway
- Sand performance is still below expectations due to the decreased supplies to infrastructure segment
- Ready-mix concrete sales driven by the increased demand in the market and our efforts to attract new clients, primarily large domestic homebuilders
- Reinforced concrete results were affected by a one-off impact of sale of land plot (RUB3,070 m)

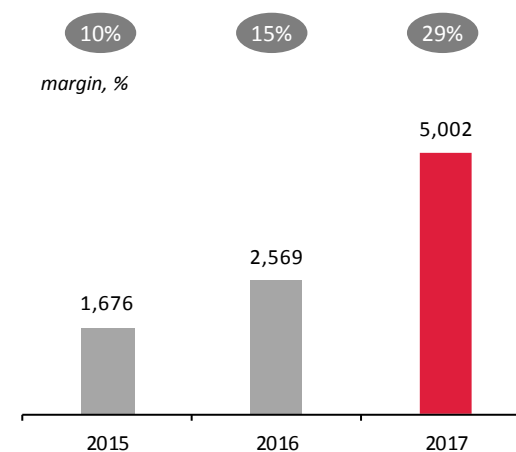
### REVENUE DYNAMICS (RUB M)



### ADJUSTED EBITDA DYNAMICS (RUB M)



### OPERATING PROFIT (RUB M)

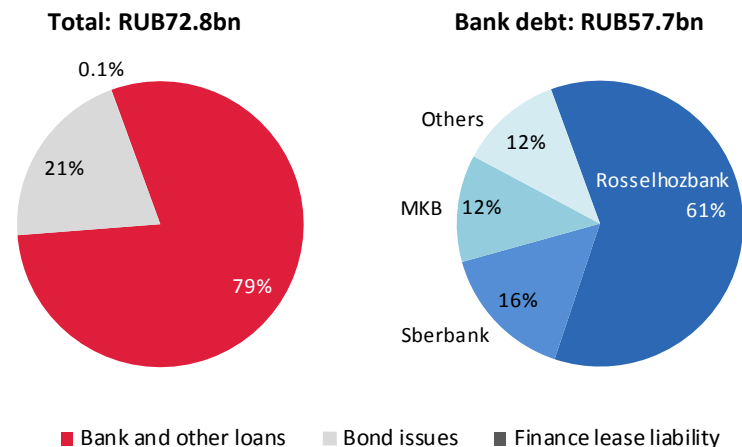


# MAINTAINING STRONG BALANCE SHEET

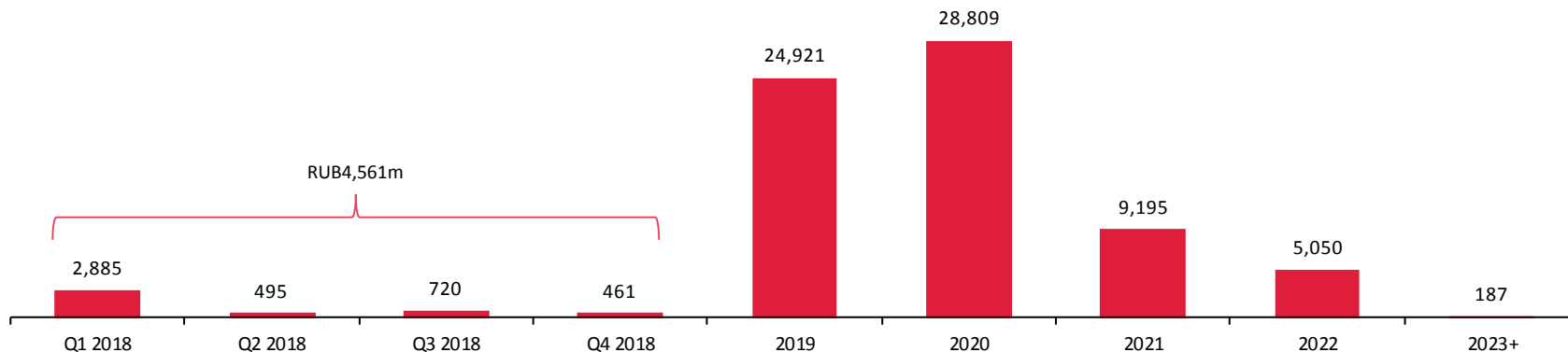
## COMPANY DEBT SNAPSHOT

- Total debt up to RUB72.8bn, as of 31 December 2017
- The average interest rate down to 9.1% as of December 2017, as compared to 10.89% as of December 2016
- Net debt stands at RUB43.1bn
- Net debt/EBITDA – 1.17x
- Successful bond issues of RUB5bn (placed at 9.00% in October) and RUB5bn (placed at 9.65% in April)
- 100% of debt denominated in RUB

## COMPANY DEBT COMPOSITION (AS OF 31-DEC-2017)



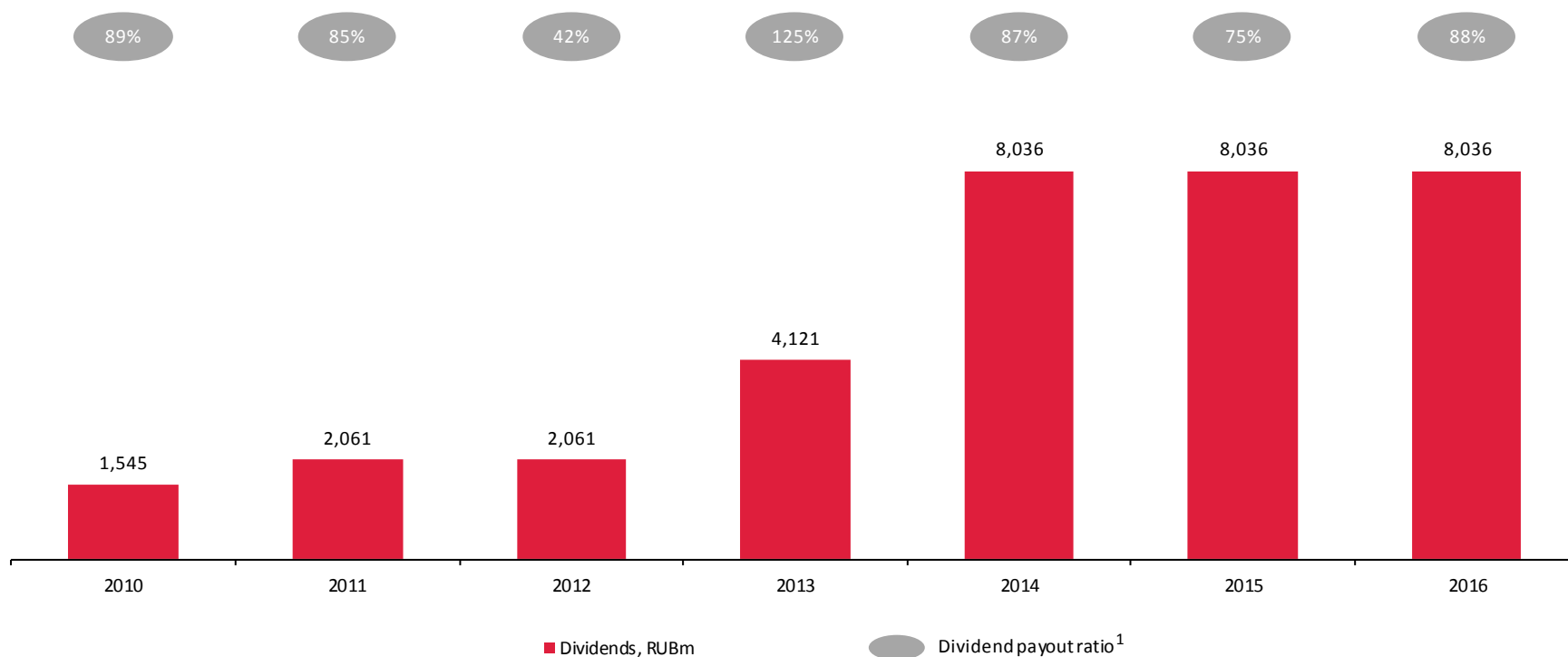
## DEBT MATURITY PROFILE (RUB M)



# SUSTAINABLE DIVIDEND POLICY

## DIVIDEND POLICY

- Dividend policy of LSR Group is developed in accordance with the existing Russian legislation, the company's charter and internal regulations of LSR Group
- In 2014 the BoD of LSR Group adopted a new version of the dividend policy
- Recommended amount of dividend payments is determined by the BoD based on the company's annual financial results and, as a rule, constitutes at least 20% of the consolidated net profit as per IFRS

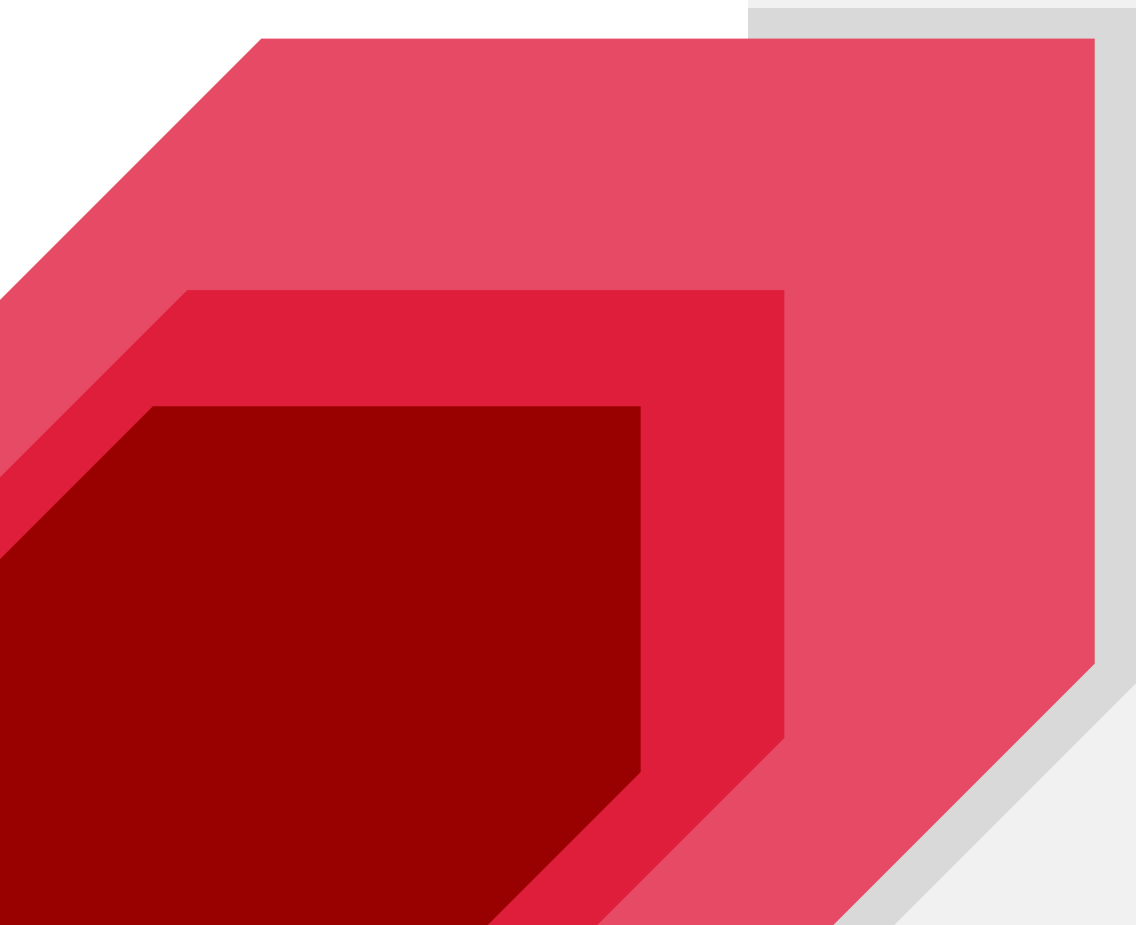






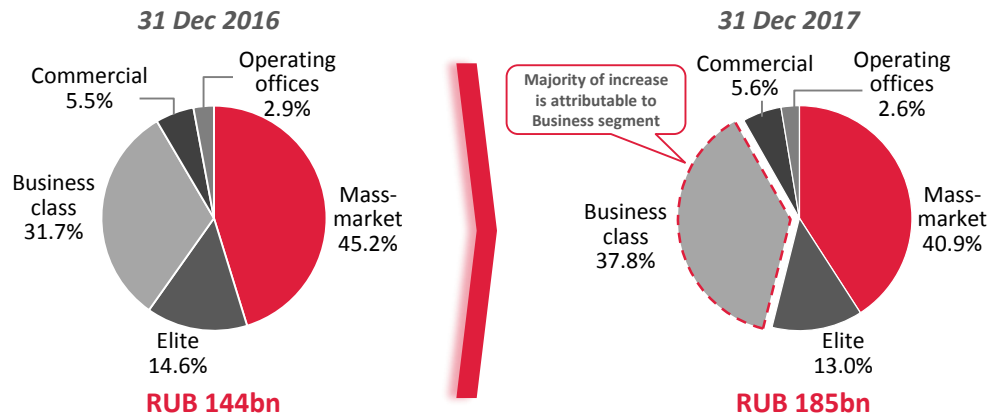
# UPDATE ON PORTFOLIO VALUATION

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# GROUP PORTFOLIO AMOUNTS TO RUB 185 BILLION

## VALUE OF OUR LAND BANK INCREASED BY RUB 42 BILLION



## BREAKDOWN BY GEOGRAPHY

X% - market value for assets in key cities<sup>1</sup> as % of total



## TOP-4 PROJECTS BY VALUE



## KEY FACTS

**1,290** ha

TOTAL AREA OF LSR GROUP SITES

**59** projects

IN ALL MARKET SEGMENTS

**c.109** th. RUB

AVERAGE SELLING PRICE PER SQM FOR UNSOLD RESIDENTIAL PROPERTIES

**8,597** th. sqm

YET TO BE SOLD AND LEASED IN OUR PROJECTS



# APPENDIX

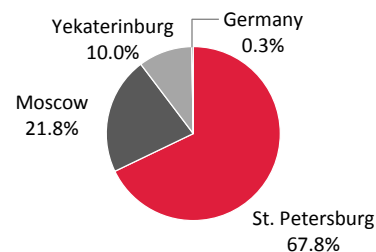
# PORTFOLIO OVERVIEW

## PORTFOLIO BREAKDOWN

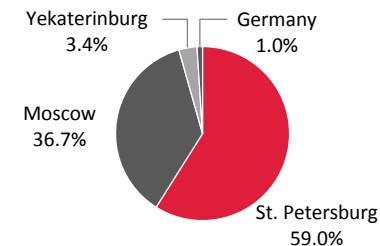
### BY REGION

Region	NSA ('000m <sup>2</sup> )	% of total	MV (RUB mn)	% of total
St. Petersburg and Leningrad region	5,832	67.8%	109,338	59.0%
Moscow and Moscow region	1,874	21.8%	67,986	36.7%
Yekaterinburg	862	10.0%	6,255	3.4%
Germany	29	0.3%	1,887	1.0%
<b>Total</b>	<b>8,597</b>	<b>100%</b>	<b>185,466</b>	<b>100.0%</b>

by net sellable area



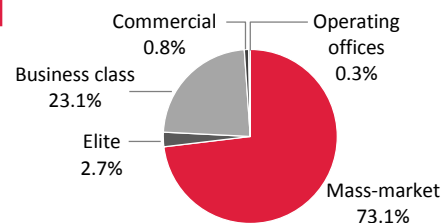
by market value



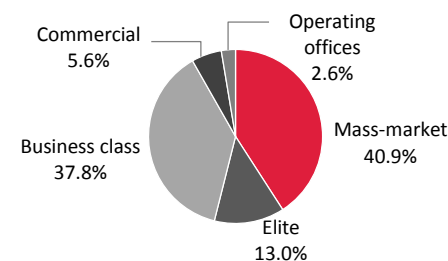
### BY SEGMENT

Property Sector	NSA ('000m <sup>2</sup> )	% of total	MV (RUB mn)	% of total
Mass-market	6,285	73.1%	75,829	40.9%
Elite	233	2.7%	24,187	13.0%
Business class	1,987	23.1%	70,183	37.8%
Commercial	67	0.8%	10,396	5.6%
Operating offices	25	0.3%	4,870	2.6%
<b>Total</b>	<b>8,597</b>	<b>100%</b>	<b>185,466</b>	<b>100.0%</b>

by net sellable area



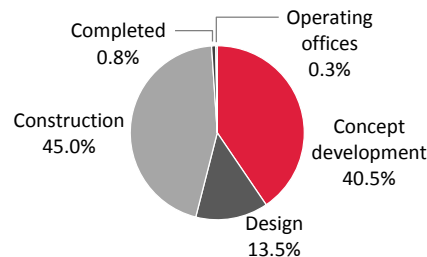
by market value



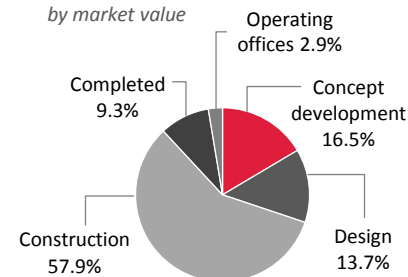
### BY STAGE

Property Sector	NSA ('000m <sup>2</sup> )	% of total	MV (RUB mn)	% of total
Concept Development	3,482	40.5%	30,567	16.5%
Designing	1,159	13.5%	25,333	13.7%
Construction	3,866	45.0%	107,476	57.9%
Completed	66	0.8%	17,221	9.3%
Operating offices	25	0.3%	4,870	2.6%
<b>Total</b>	<b>8,597</b>	<b>100%</b>	<b>185,466</b>	<b>100.0%</b>

by net sellable area

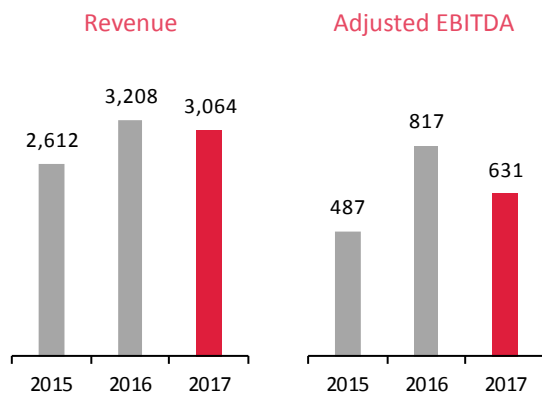


by market value

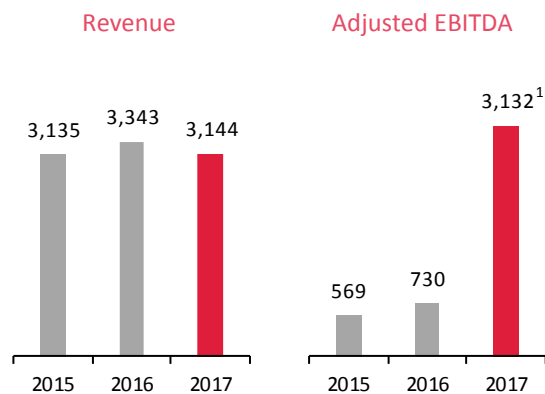


# BUILDING MATERIALS: FINANCIAL RESULTS BY PRODUCT

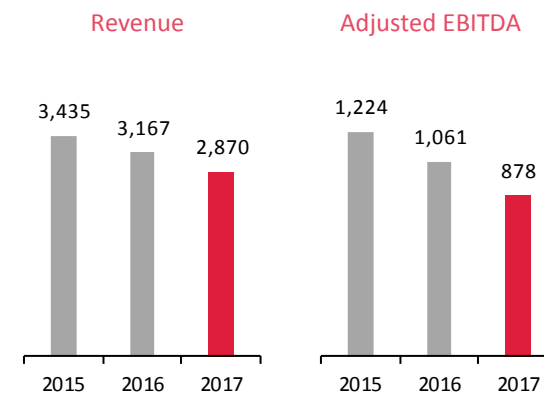
## CRUSHED GRANITE (RUB M)



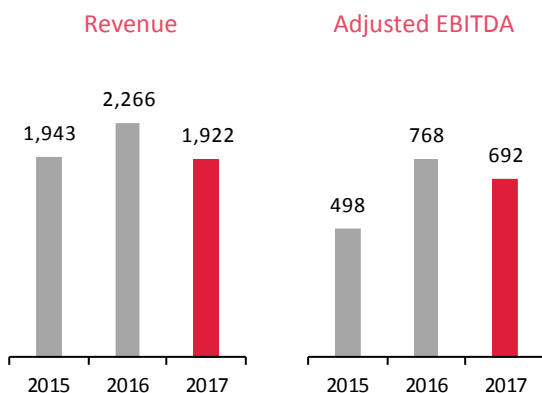
## REINFORCED CONCRETE (RUB M)



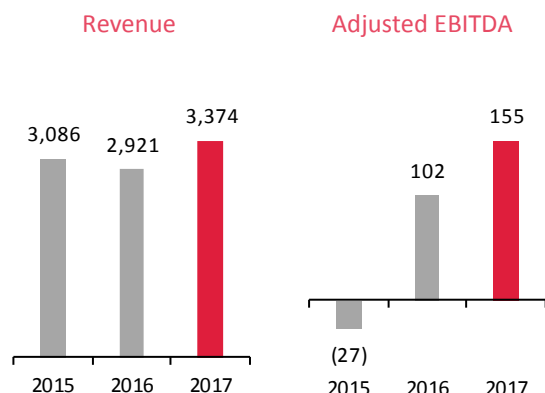
## BRICKS (RUB M)



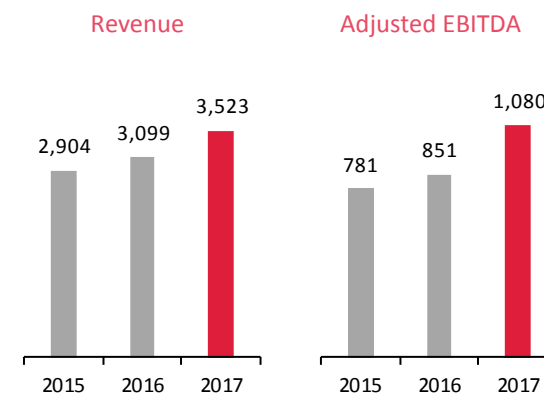
## SAND (RUB M)



## READY-MIX CONCRETE (RUB M)



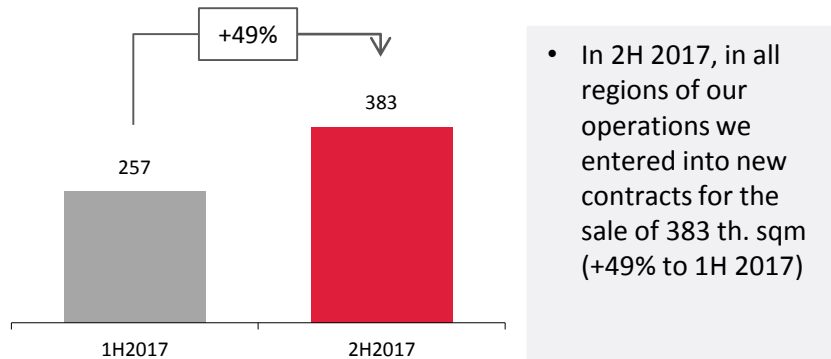
## AERATED CONCRETE (RUB M)



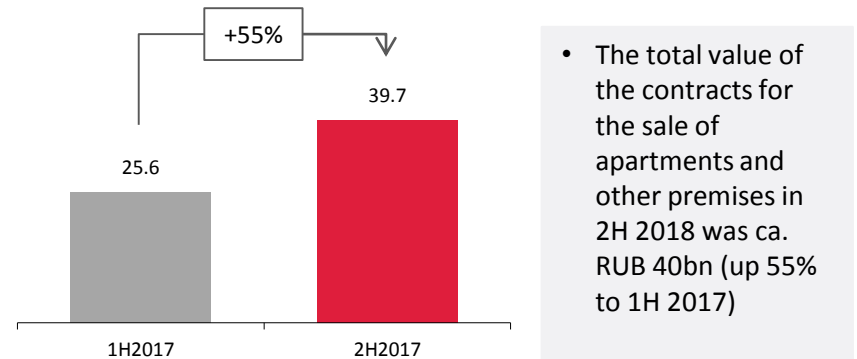
# 2017 OPERATING RESULTS HIGHLIGHTS

- In 2017 we entered into new contracts for the sale of 640 th. sqm (-6% YoY) with a total value of RUB 65.3 bn (-7% YoY)
  - Average price per sqm was up 14% QoQ and 7% YoY in Q4 2017
  - 780 th. sqm launched during the year
  - In 2017 we completed 909 th. sqm (up 15% YoY)
- In 2017 share of mortgage contracts was 47% across the Company

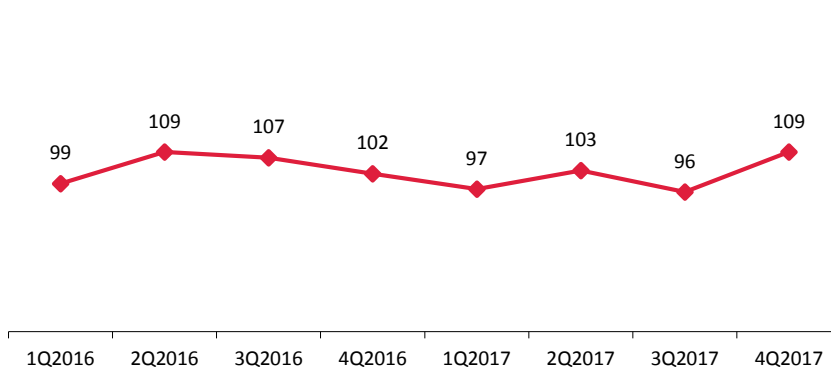
## NEW CONTRACT SALES (TH. SQM)



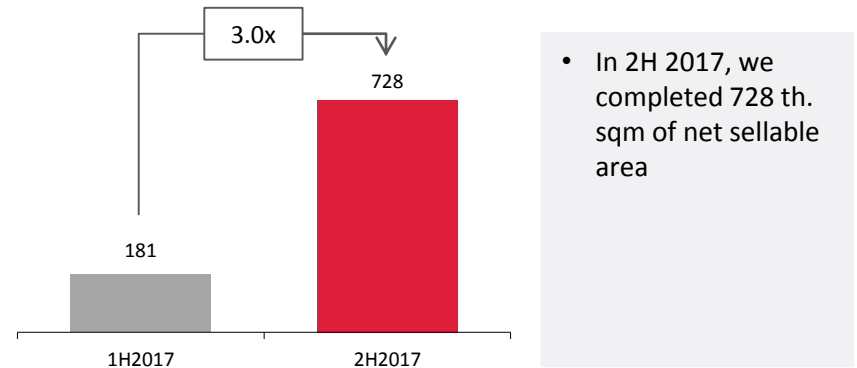
## NEW CONTRACT SALES (RUB BN)



## AVERAGE PRICE (RUBk / SQM)

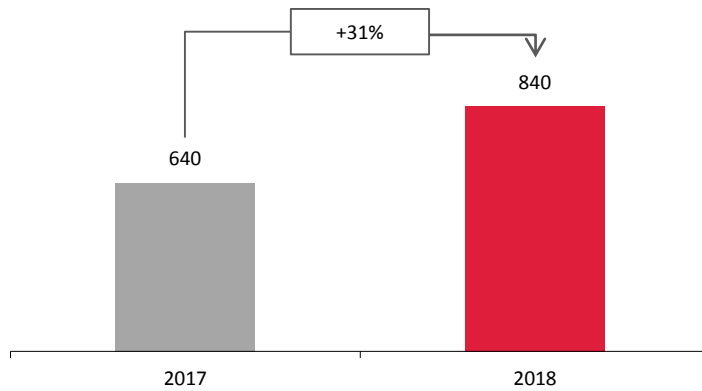


## COMPLETIONS (TH. SQM)

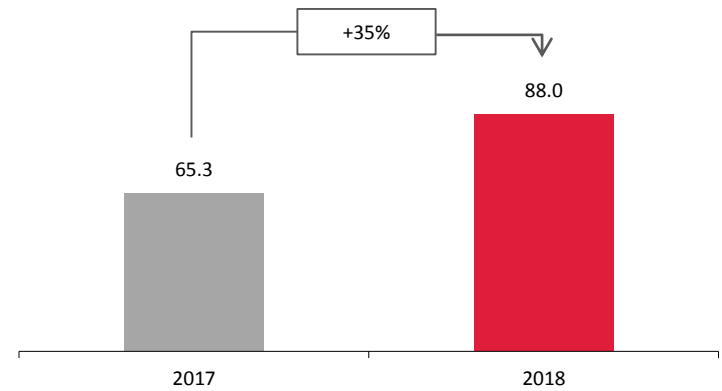


# OPERATING GUIDANCE 2018: REAL ESTATE

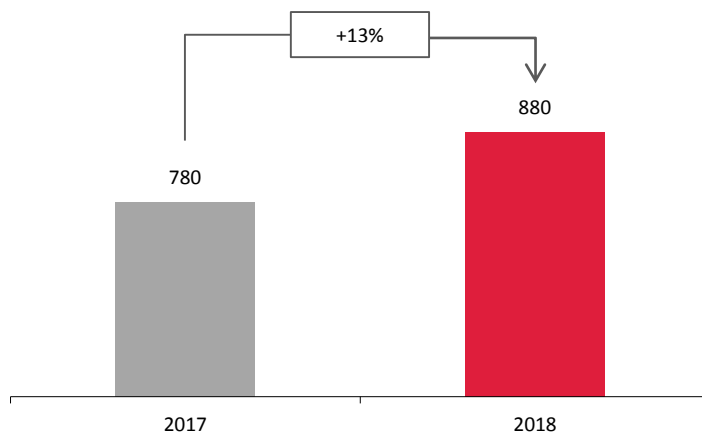
NEW CONTRACT SALES (TH. SQM)



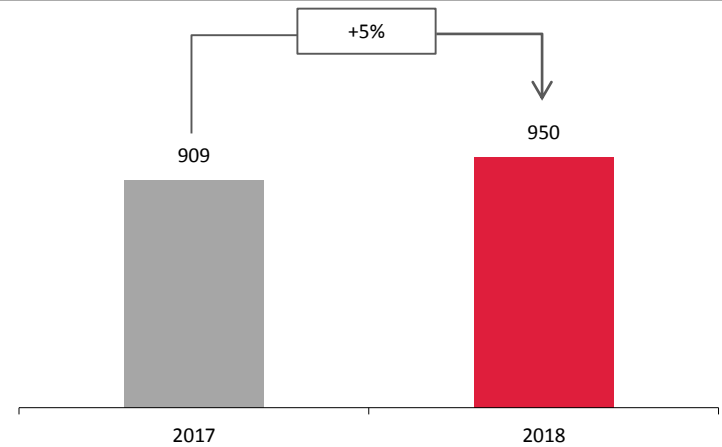
NEW CONTRACT SALES (RUB BN)



NEW LAUNCHES (TH. SQM)

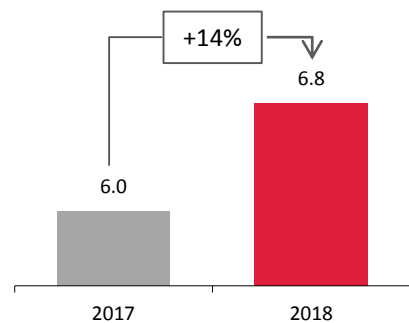


COMPLETIONS (TH. SQM)

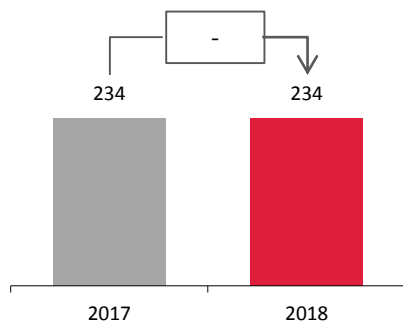


# OPERATING GUIDANCE 2018: BUILDING MATERIALS

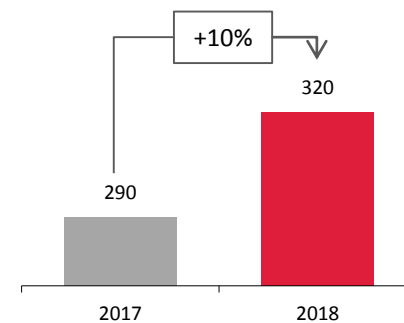
CRUSHED GRANITE (mn m<sup>3</sup>)



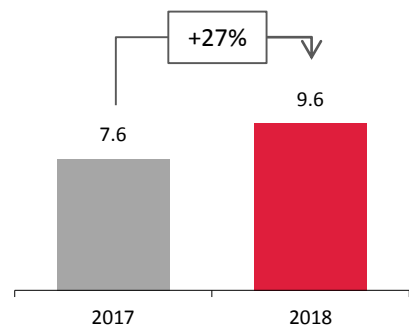
REINFORCED CONCRETE (th. m<sup>3</sup>)



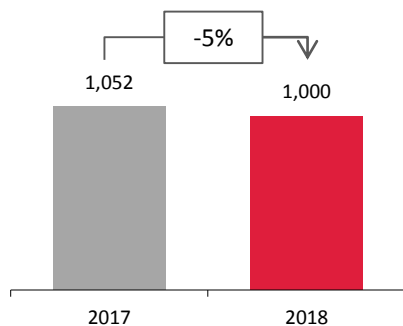
BRICKS (mn units)



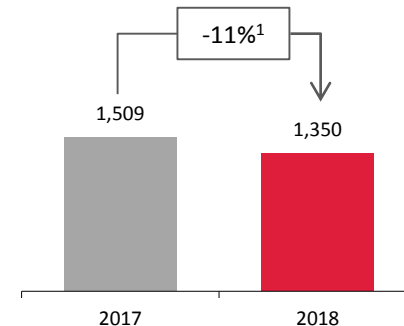
SAND (mn m<sup>3</sup>)



READY-MIX CONCRETE (th. m<sup>3</sup>)



AERATED CONCRETE (th. m<sup>3</sup>)





# KEY OPERATING RESULTS

## REAL ESTATE<sup>1</sup>

	3Q 2017	4Q 2017	Change QoQ, %	4Q 2016	Change YoY, %	2016	2017	Change, %
<b>New contract sales, th. sqm</b>	167	216	29%	172	26%	681	640	(6%)
<b>Completed, th. sqm</b>	38	690	1,716%	514	34%	788	909	15%

### Real Estate - St. Petersburg

<b>New contract sales, th. sqm</b>	110	146	33%	97	50%	386	407	6%
Elite real estate	3	11	267%	5	123%	21	21	(1%)
Business class real estate	7	16	129%	9	87%	43	39	(10%)
Mass market real estate	100	119	19%	83	42%	322	348	8%
<b>Completed, th. sqm</b>	-	465	-	367	27%	494	607	23%
Elite real estate	-	12	-	8	46%	26	12	(53%)
Business class real estate	-	78	-	-	-	-	107	-
Mass market real estate	-	375	-	359	5%	469	488	4%

### Real Estate – Moscow

<b>New contract sales, th. sqm</b>	29	36	24%	38	(6%)	193	122	(37%)
<b>Completed, th. sqm</b>	11	182	1,555%	101	80%	198	193	(3%)

### Real Estate – Yekaterinburg

<b>New contract sales, th. sqm</b>	27	35	30%	37	(6%)	102	110	8%
<b>Completed, th. sqm</b>	27	42	56%	46	(8%)	96	109	14%

## BUILDING MATERIALS<sup>1</sup>

Product	3Q 2017	4Q 2017	Change QoQ, %	4Q 2016	Change YoY, %	2016	2017	Change, %
Crushed granite, th. m3	1,892	1,445	(24%)	1,450	-	6,312	5,975	(5%)
Sand, th. m3	2,128	1,992	(6%)	1,872	6%	8,742	7,564	(13%)
Ready-mix concrete, th. m3	302	243	(20%)	224	9%	879	1,052	20%
Reinforced concrete, th. m3	75	60	(20%)	60	-	256	234	(9%)
Bricks, million units	89	62	(30%)	69	(10%)	317	290	(9%)
Aerated concrete, th. m3	492	310	(37%)	295	5%	1,385	1,509	9%

Source: company information

Note: <sup>1</sup> Operating results in these tables are rounded to whole numbers, QoQ calculations are based on the rounded numbers, YoY calculations are based on the full figures

## KEY FINANCIALS

	2015	2016	2017	Change, %
Revenue, RUB m	91,730	106,524	138,494	30%
Adjusted EBITDA, RUB m	23,532	27,750	36,845	33%
Adjusted EBITDA, %	25.7%	26.1%	26.6%	2%
Operating profit, RUB m	13,763	14,031	22,444	60%
Operating profit, %	15.0%	13.2%	16.2%	23%
Profit for the year, RUB m	10,646	9,163	15,871	73%
	31.12.15	31.12.16	31.12.17	Change, %
Total debt, RUB m	33,018	55,695	72,786	31%
Net debt, RUB m	12,584	30,065	43,073	43%
Net debt/ EBITDA	0.53x	1.08x	1.17x	8%

# Contacts



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