

Full Year 2016 Financial Results

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2016 Financial Highlights

Revenue

Revenues hit a record **RUB 98.1bn**, up **13%** Y-o-Y, primarily driven by increased scope of real estate business in Moscow.

EBITDA and EBITDA %

EBITDA increased by **4%** Y-o-Y to **RUB 19.3bn**. EBITDA margin is at **20%**.

Net Profit

Profit for the period decreased by **14%** Y-o-Y to **RUB 9.2bn** affected by higher finance costs. EPS stood at **RUB 90.72**.

Debt

Net debt increased up to **RUB 30.1bn**; Net debt/EBITDA ratio stood at **1.56**. Average borrowing rate declined further to **10.89%**.

Real Estate Portfolio

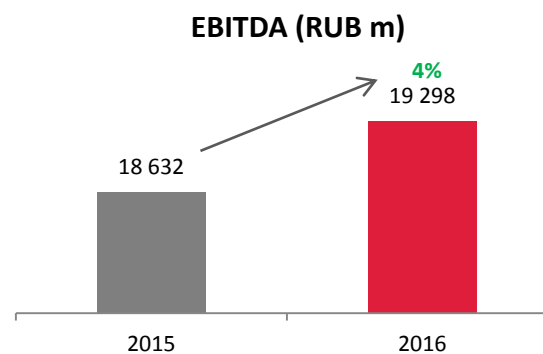
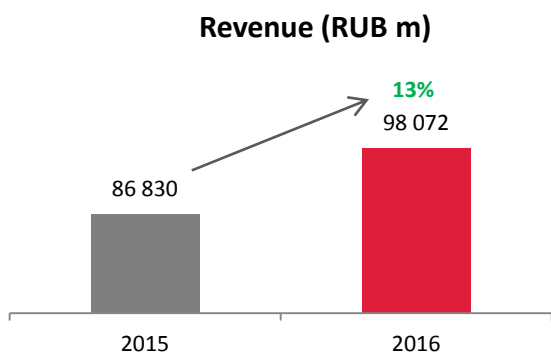
Real estate portfolio was valued by Knight Frank at **RUB 144bn** (as of December 2016), versus the company's market cap of **RUB 99bn**. Assessed value per sqm up **12%**.

Dividend

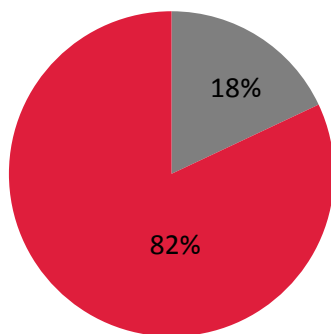
Company plans to maintain dividend at **RUB 78** per share.

Revenue and EBITDA Breakdown

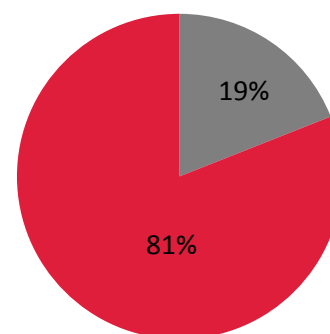
- Revenues hit a record of RUB 98.1bn, up 13% Y-o-Y, with EBITDA falling behind with 4% growth Y-o-Y.
- Growth primarily driven by the increased scope of real estate operations in Moscow.
- Building materials revenue and EBITDA up, mainly driven by successful performance of aggregates: 68% EBITDA growth for crushed granite and 54% EBITDA growth for sand.



Revenue (RUB m)*



EBITDA (RUB m)*

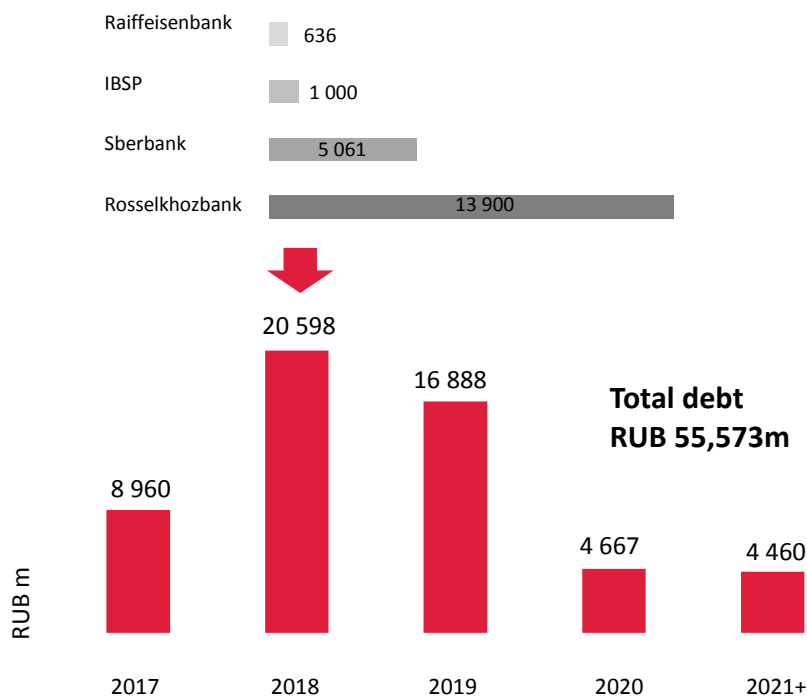


- Real Estate & Construction
- Building Materials

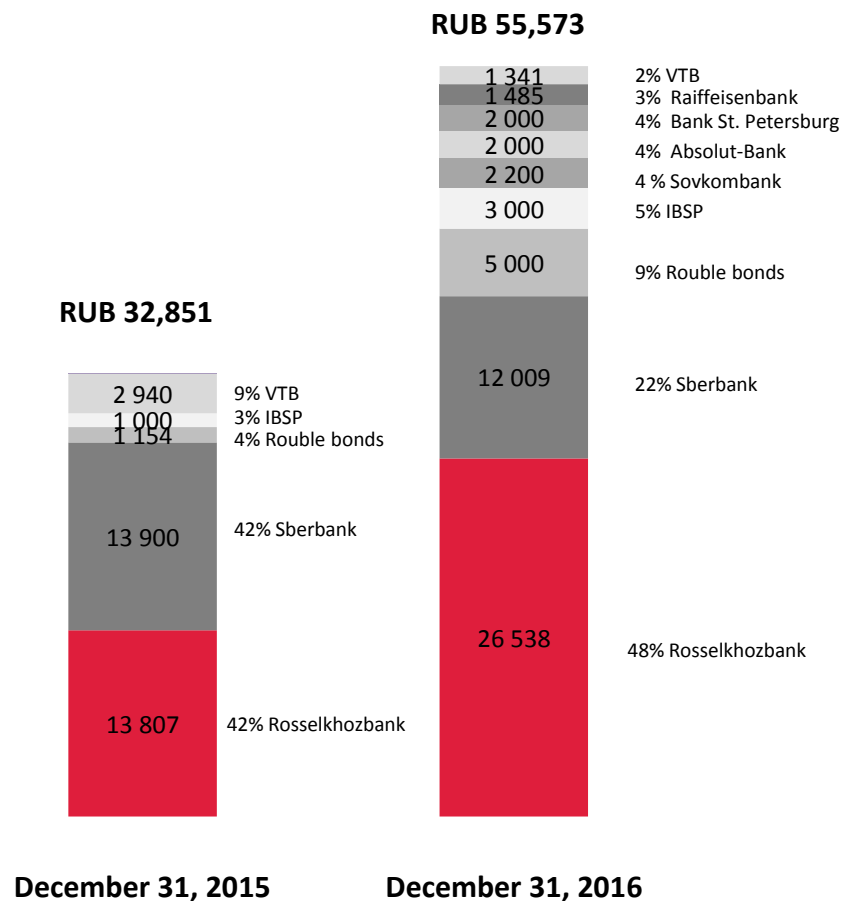
* Before intergroup eliminations, unallocated amounts and other operations

Debt Maturity Profile

- Total debt up to RUB 55.7bn, as of December 31, 2016, driven by necessity to finance large-scale projects and land acquisition.
- The average interest rate down to 10.89%
- Net debt is at RUB 30.1bn. Net debt/EBITDA – 1.56.
- Company has no foreign debt exposure.



11.74% → 10.89%

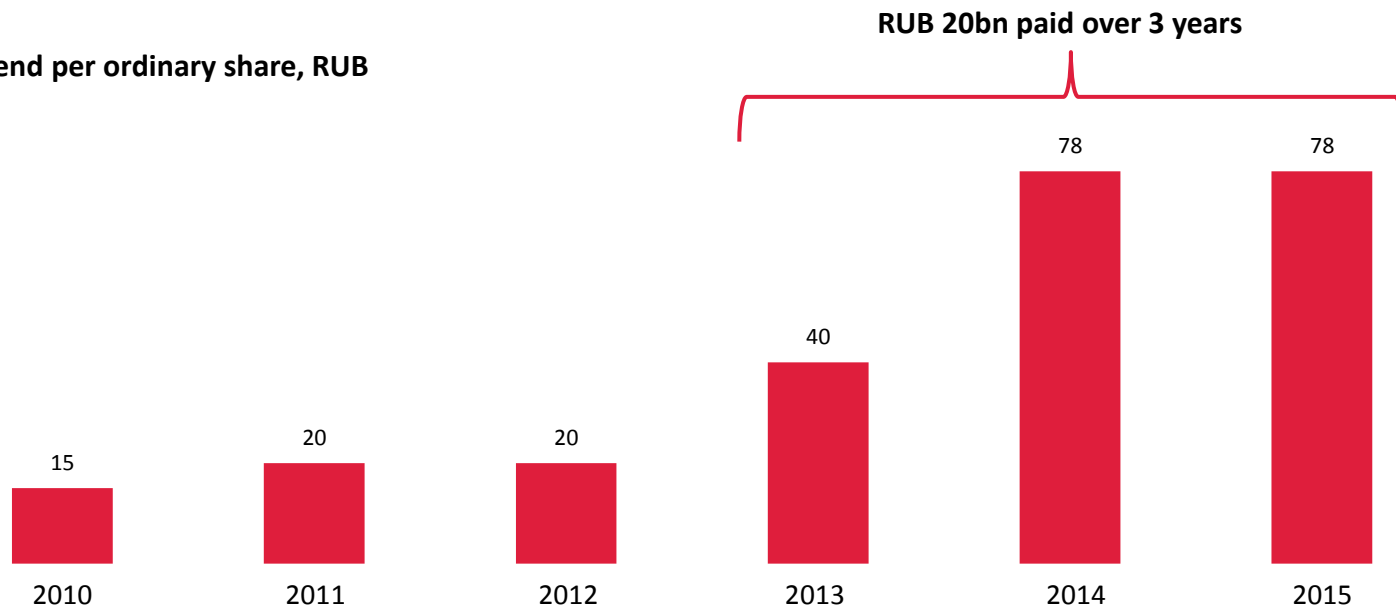


Note: *excluding finance lease liability and other loans
Source: Company

Dividend Policy

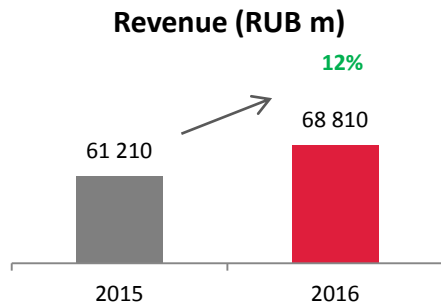
- LSR intends to allocate at least 50% of net profit (IFRS) for dividends in the coming years
- LSR intends to maintain its dividend policy of stable payouts per share
- LSR will have paid out RUB 20bn in dividends over the last three years

Dividend per ordinary share, RUB

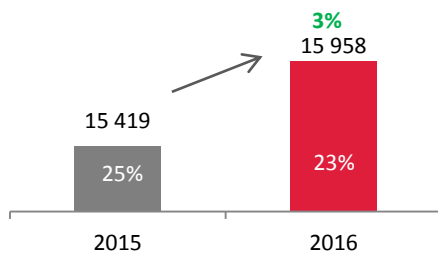


Real Estate

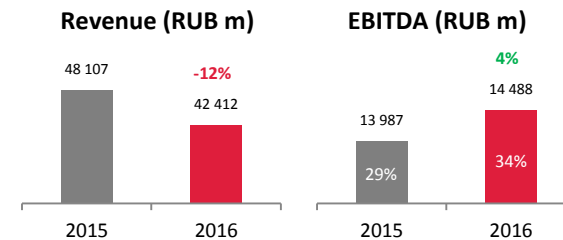
- Real estate revenue up 12% to RUB 68.8bn. Early completion of Donskoy Olymp brings another RUB 12.6bn to the company's revenue and RUB 3.6bn to our gross profit.
- St. Petersburg boasts margin growth from 29% to 34% due to high marginal projects in the mix, including Sofia and Kalina-Park.



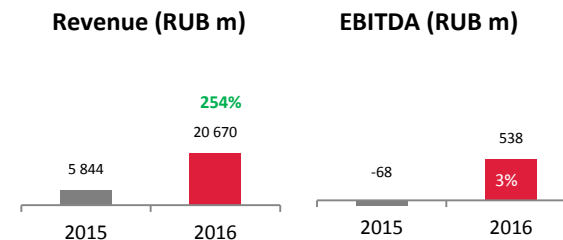
EBITDA (RUB m) and EBITDA margin (%)



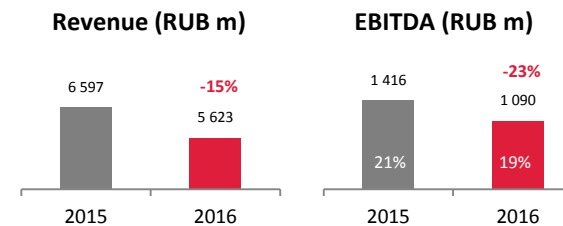
St. Petersburg



Moscow

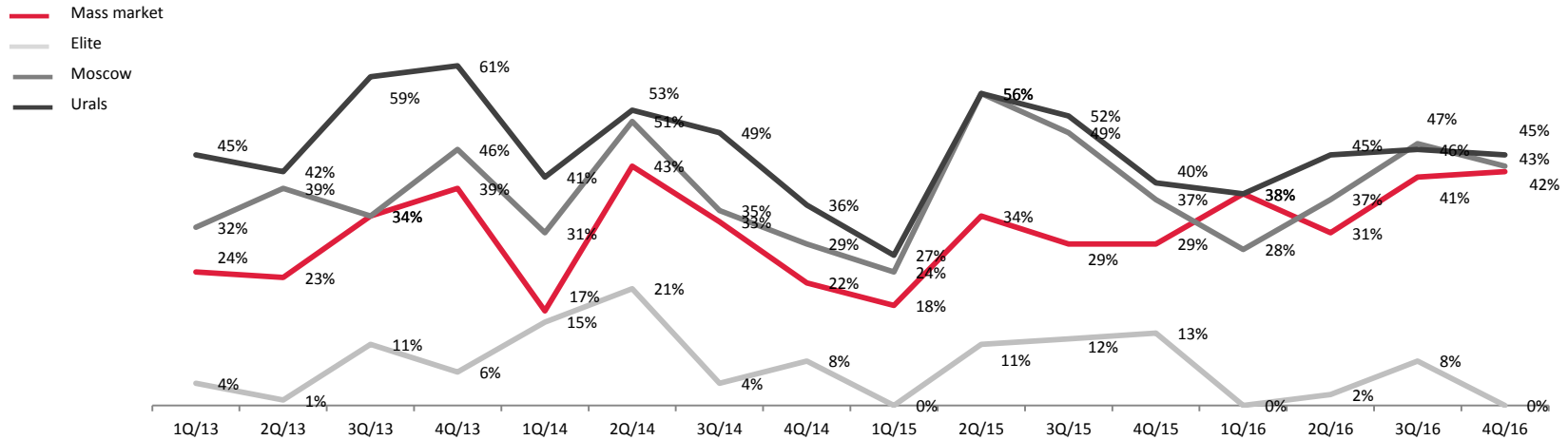


Urals



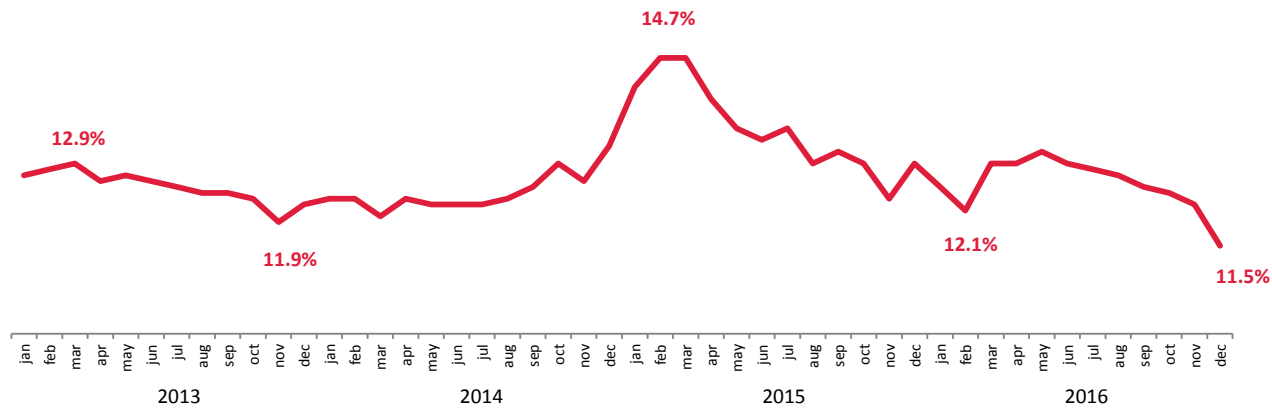
Mortgage Lending

LSR mortgage sales in Regions by number of deals



Source: Company

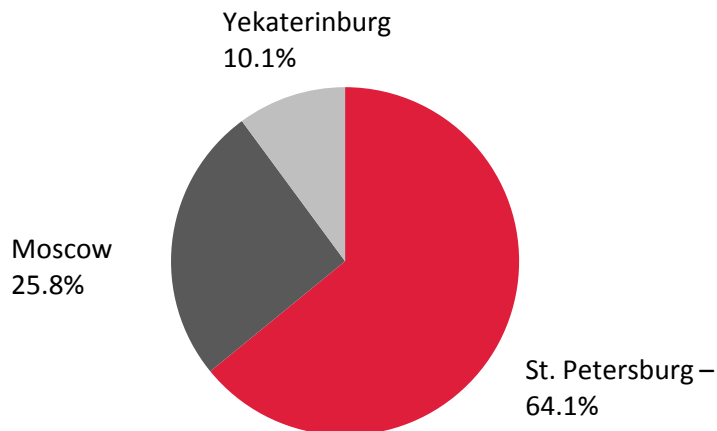
Average mortgage rates in Russia



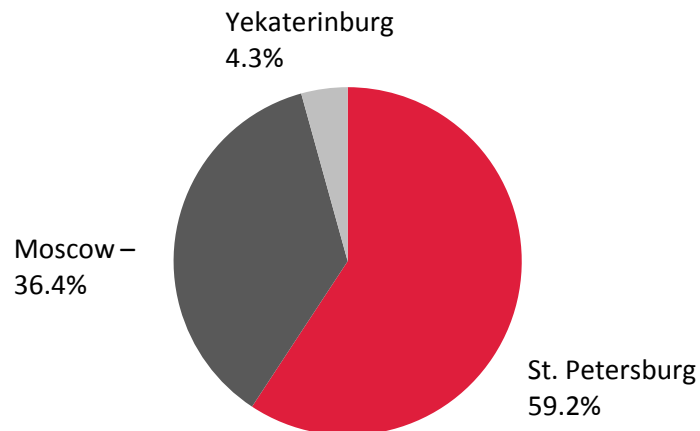
Source: AIZhK

Portfolio Valuation: Regional Breakdown

**Breakdown of portfolio by region
(Net Sellable Area)**



**Breakdown of portfolio by region
(Market Value)**



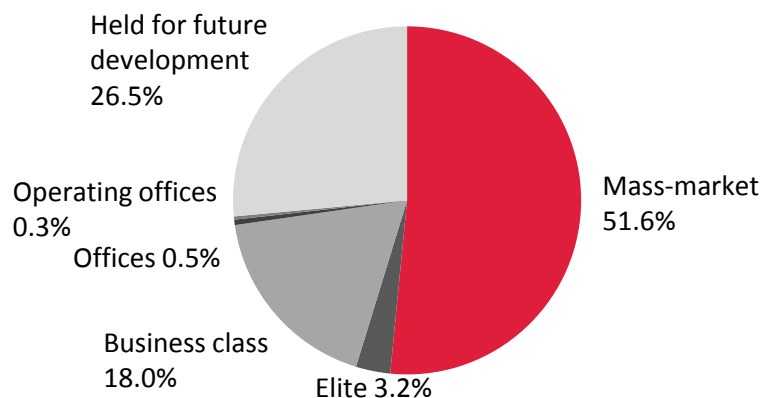
Region	NSA ('000 m ²)	% of total	MV (RUB m)	% of total
St. Petersburg and Leningrad region	5,618	64.1%	85,151	59.2%
Moscow and Moscow region	2,266	25.8%	52,400	36.4%
Yekaterinburg	883	10.1%	6,213	4.3%
Total	8,767	100%	143,764	100%

Largest part of our real estate portfolio is located in our home market of St. Petersburg within the boundaries of the city

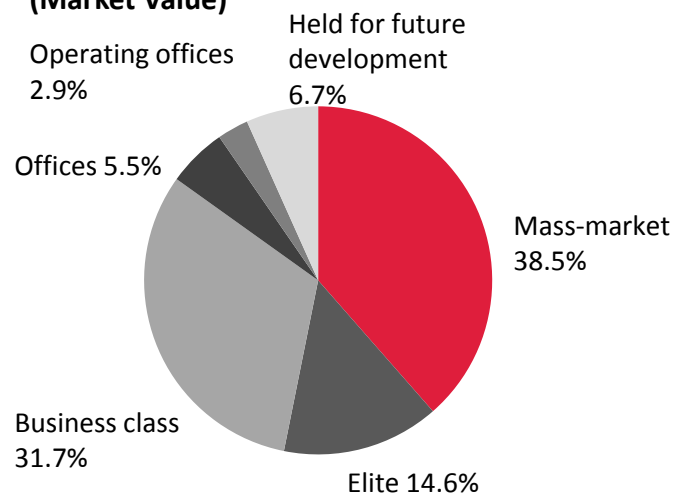
Source: Knight Frank valuation as of 31.12.2016

Portfolio Valuation: Segment Breakdown

**Breakdown of portfolio by segment
(Net Sellable Area)**



**Breakdown of portfolio by segment
(Market Value)**



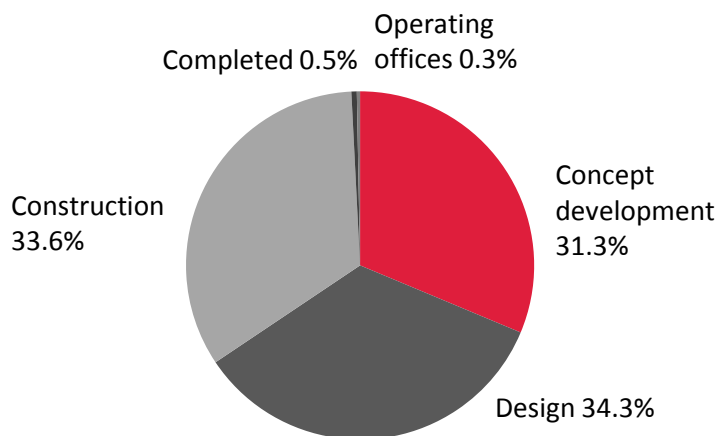
Segment of property	NSA ('000 m ²)	% of total	MV (RUB m)	% of total
Mass-market	4,520	51.6%	55,378	38.5%
Elite	283	3.2%	20,938	14.6%
Business class	1,579	18.0%	45,618	31.7%
Offices	40	0.5%	7,953	5.5%
Operating offices	26	0.3%	4,218	2.9%
Held for future development	2,319	26.5%	9,658	6.7%
Total	8,767	100%	143,764	100%

Well-balanced portfolio with focus on mass-market residential housing

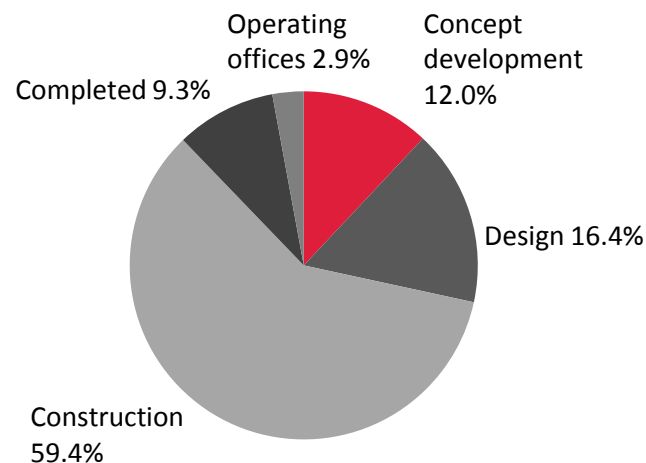
Source: Knight Frank valuation as of 31.12.2016

Portfolio Valuation: Development Breakdown

Breakdown of portfolio by stage of development (Net Sellable Area)



Breakdown of portfolio by stage of development (Market Value)



Stage of development	NSA ('000 m ²)	% of total	MV (RUB m)	% of total
Concept Development	2,740	31.3%	17,267	12.0%
Designing	3,011	34.3%	23,550	16.4%
Construction	2,947	33.6%	85,425	59.4%
Completed	44	0.5%	13,303	9.3%
Operating offices	26	0.3%	4,218	2.9%
Total	8,676	100%	143,764	100%

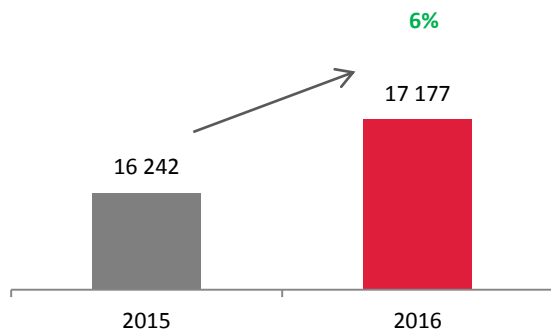
We aim to match the stages of development of our portfolio with the levels of demand for real estate

Source: Knight Frank valuation as of 31.12.2016

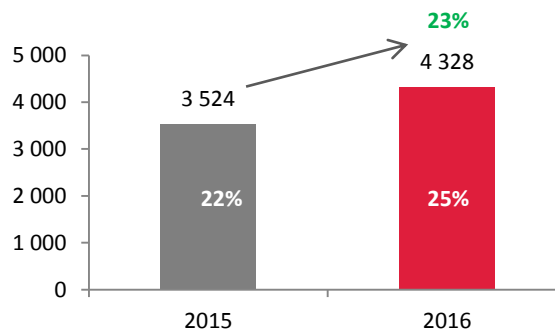
Building Materials

- Revenue up 6% to RUB 17.2bn. EBITDA up 23%, to RUB 4.3bn.
- Revenue from crushed granite up 23%, EBITDA up 68%. Revenue from sand up 17%, EBITDA up 54%. Aggregates supplied to major infrastructure projects in St. Petersburg and the Leningrad region, including M11, Scandinavia, Western High-Speed Diameter.
- Reinforced concrete business driven by the increased volume of construction works and particular product mix (increased supplies of high-marginal products including airfield slabs)

Revenue (RUB m)

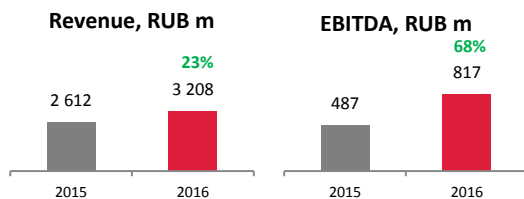


EBITDA (RUB m) and EBITDA margin (%)

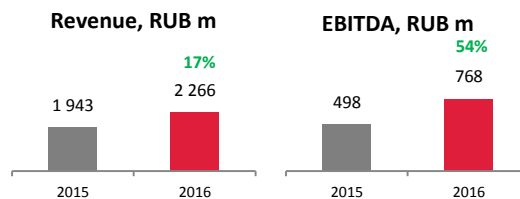


Building Materials: Financial Results by Product

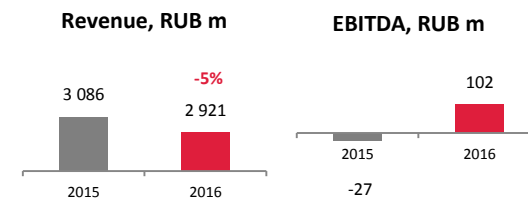
Crushed granite



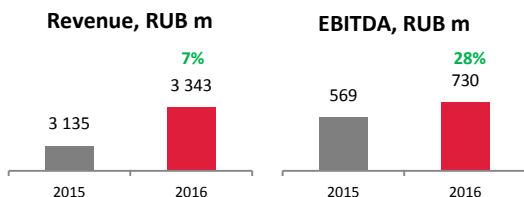
Sand



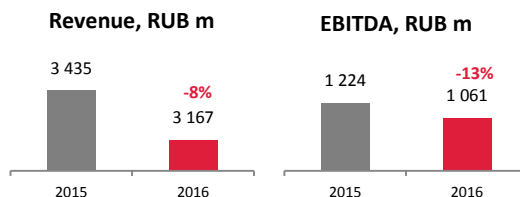
Ready-mix concrete



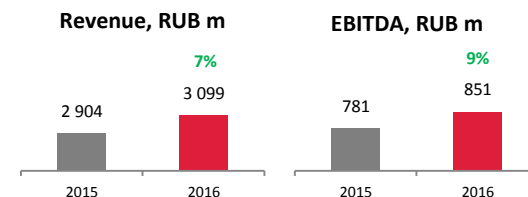
Reinforced concrete



Bricks



Aerated concrete



Agenda

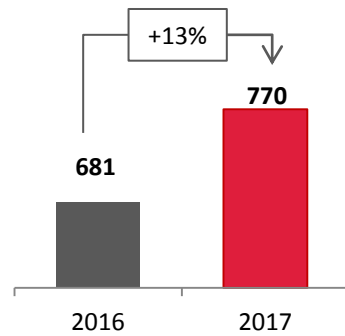
2015 Financial Results

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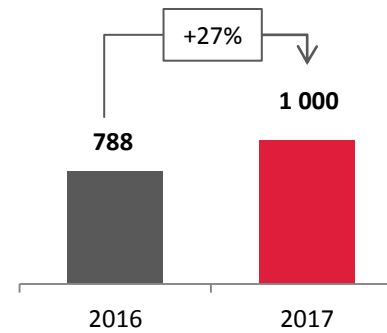
2017 Guidance and Highlights

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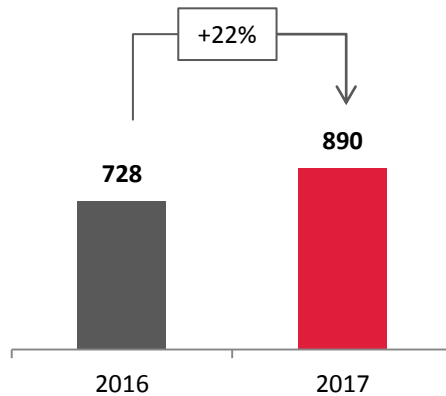
New contract sales (th sq m)



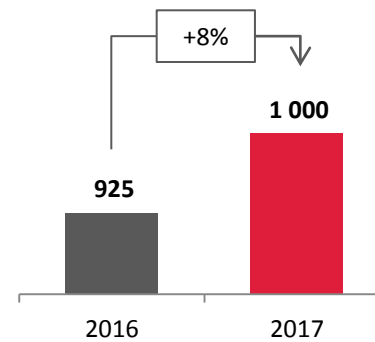
Completions (th sq m)



New launches (th sq m)



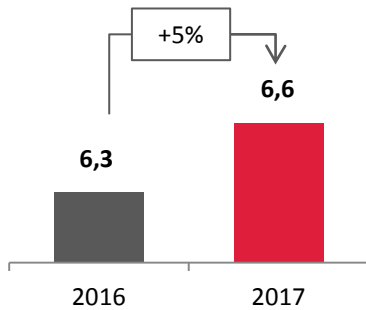
Construction (th sq m)



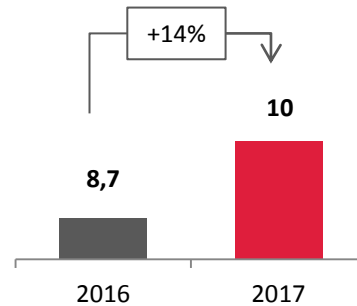
Operating Guidance 2017: Building Materials



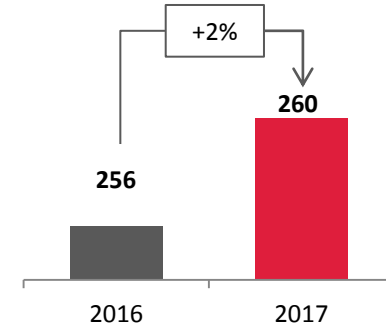
Crushed granite (mn cbm)



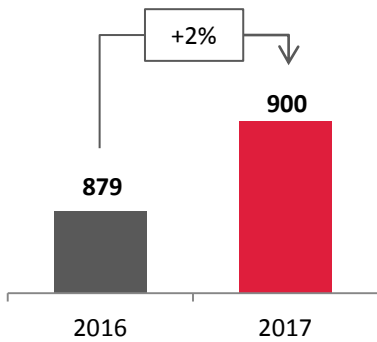
Sand (mn cbm)



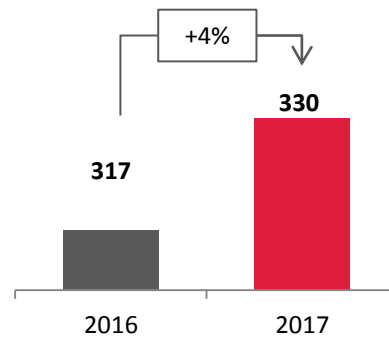
Reinforced concrete (th cbm)



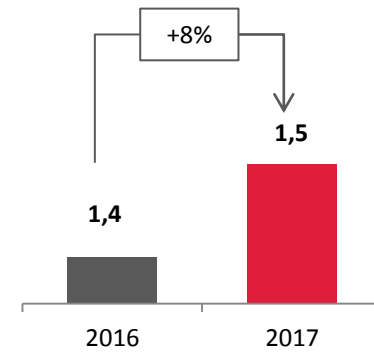
Ready-mix concrete (th cbm)



Bricks (mn units)



Aerated concrete (mn cbm)



2017 Highlights

Mortgage Lending

Mortgage lending up 27% in 2016 in Russia (AIZhK) remaining a major force in domestic real estate industry. Rates down to historic low of 11.55% as of December 2016. Sberbank reduces mortgage rate further down 1% in Feb 2017.

Regulation changes

Amendments to 2014-FZ enter into force from January 1, 2017, introducing additional requirements for real estate developers, which smaller players might find difficult to cope with.

New Projects

12.6 ha acquired on Petrovsky island in St. Petersburg for construction of more than 200,000 sqm of hi-end real estate. More than 50% of market “booked” in this unique location. Pre-sales start scheduled for September 2017.

ZILART

We’re completing first 4 lots in ZILART this year comprising more than 115,000 sqm of NSA. Another 105,000 sqm to be launched this year to market.

Recent Acquisitions: Petrovsky Island

- Unique location in the very center of St. Petersburg to become the focus for premium property developers. Good transport accessibility, limited number of land plots available for construction, abundance of green areas, proximity to the center.
- Land plots with a total area of 12.6 ha for construction of more than 200,000 sqm of hi-end real estate
- LSR Group ensured more than 50% market share in this location
- Land plots are at the final stage of the permitting process. Construction and pre-sales to be launched already this year.



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