



PIK Investor presentation

February, 2014



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Pavel Poselenov

Chief Executive Officer



PIK Group at a Glance



- PIK Group is one of the leading residential real estate developers in Russia, with principal activity in development, construction and sale of affordable housing, including social infrastructure



- Founded in 1994, listed on LSE in 2007
- PIK group has presence in 27 cities across Russia with a particular focus on development in Moscow Metropolitan Area
- Since inception over 14 mn sqm (equivalent to 220,000 units) completed
 - in 2013 alone 0.9 mn sqm (equivalent to 14,000 units) completed
- 7.0 mn sqm of projects pipeline at different stages of development
 - Of which 4.1 mn sqm is located in MMA
- 20 existing mortgage partners, including СБЕРБАНК ВТБ24
- Listed as a strategically important company for the Russian federation

Buildings put on sale 2013
52

Revenue 2012
Rub 66.1 bn

New contract sales to customers 2013
677 th sqm

Cash collections 2013
Rub 74.6 bn

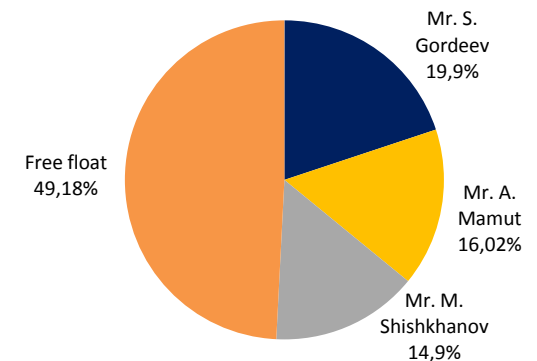
Total projects as of January 1, 2013
95

NSA unsold as of December 31, 2013
7,046 th sqm



Typical development project, Khimki, Novokurkino

Shareholder structure as of January 15, 2014



- A leading developer in the fast-growing residential mass-market
- Integrated business model capturing the full value at each stage of the development process
- Diverse portfolio of projects focused on lucrative MMA
- Established brand name and industry reputation
- Significant exposure to mortgage-driven sales generating surplus demand
- Adequate leverage provides room for additional investment
- Continued focus on operational efficiency
- Strong risk management while maximizing opportunities
- Adherence to best domestic and international corporate governance standards

Focus on profitability through operational efficiency

Maintain manageable level of debt

Drive ROE

Prudent investment policy and land bank expansion (GPM – 25%, IRR- 30%)



Maximize total shareholder return

Significant turnaround completed

	2009	2013
Operational results		
Cash collections	RUB 22.4 bn	RUB 76.4 bn
Sqm sold	123 th sqm	677 th sqm
Av. realized price*	62.6 th RUB/sqm	79.7 th RUB/sqm**
Margins		
adj. EBITDA margin	11.0%	25.3%**
Gross margin	20.9%	28.4%**
Debt		
Net debt	RUB 34.9 bn	RUB 18.1 bn
Interest rate	14.6%	11.3%
Land bank		
Market value	\$ 2.4 bn	\$2.9 bn***
NSA	11.6 th sqm	7.0 th sqm
Market capitalization	\$ 1.026 mn	\$ 1.346 mn

* Based on presales data
 ** As of 1H2013
 *** As of December 31, 2012



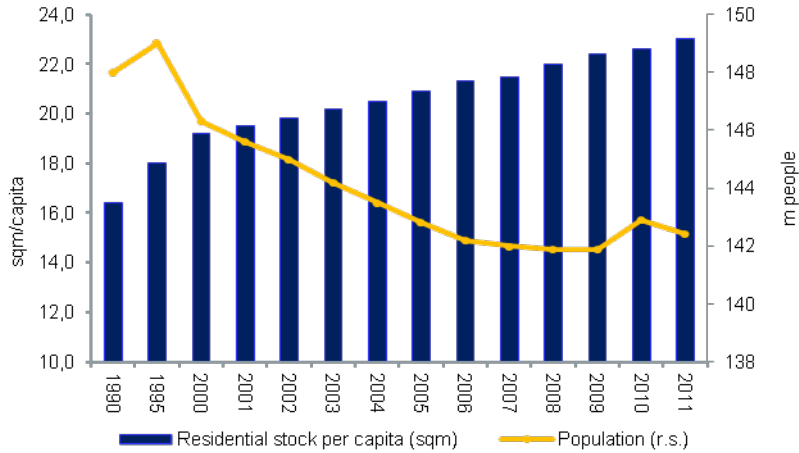
Artem Eyramdzhants

First Vice President

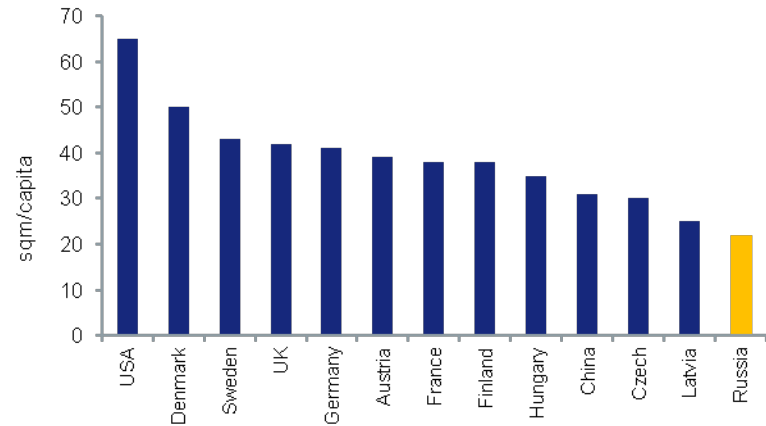
Market and operational overview



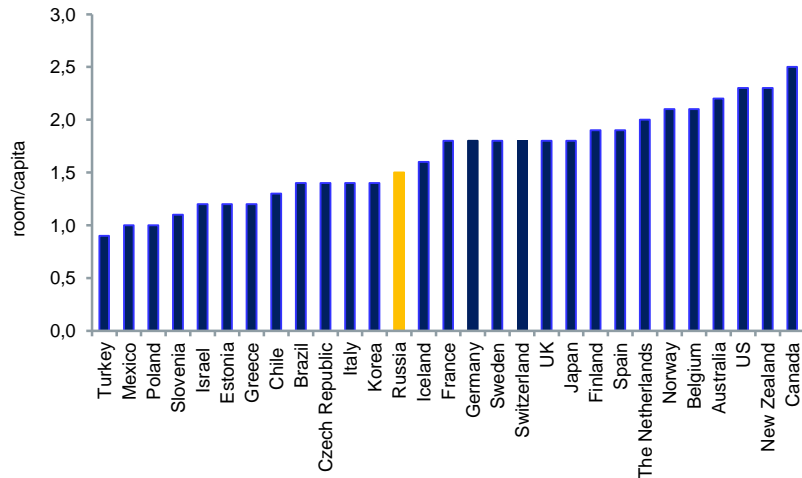
Residential stock/capita (1990-2011), Russia



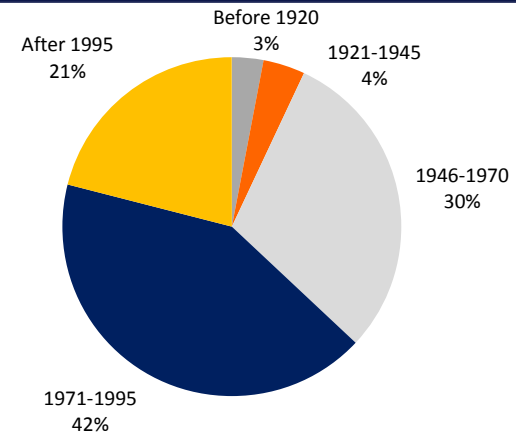
Housing stock per capita by country (2011)



Rooms per capita by country (2011)

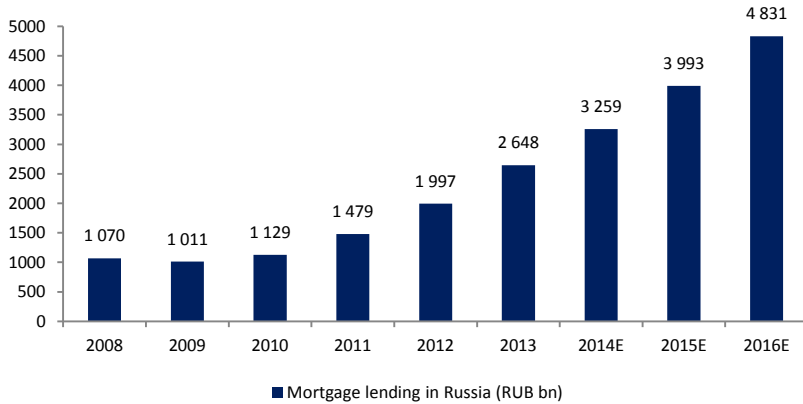


Russian housing stock age structure

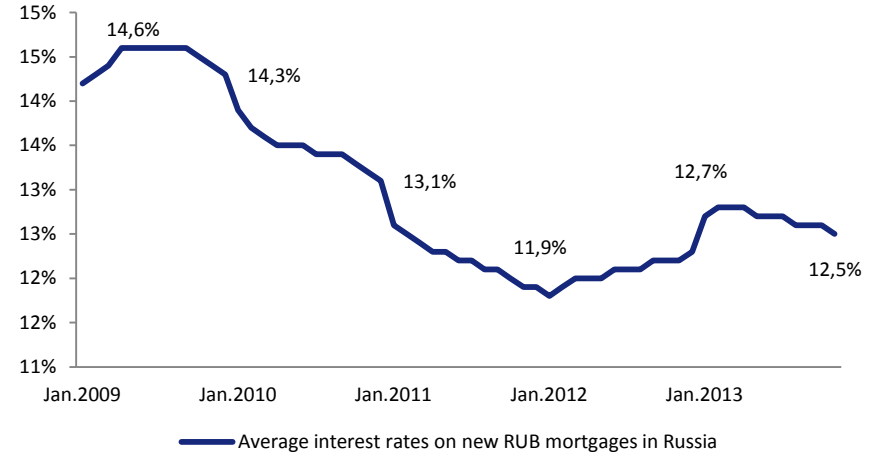


Mortgage lending environment in Russia drives demand

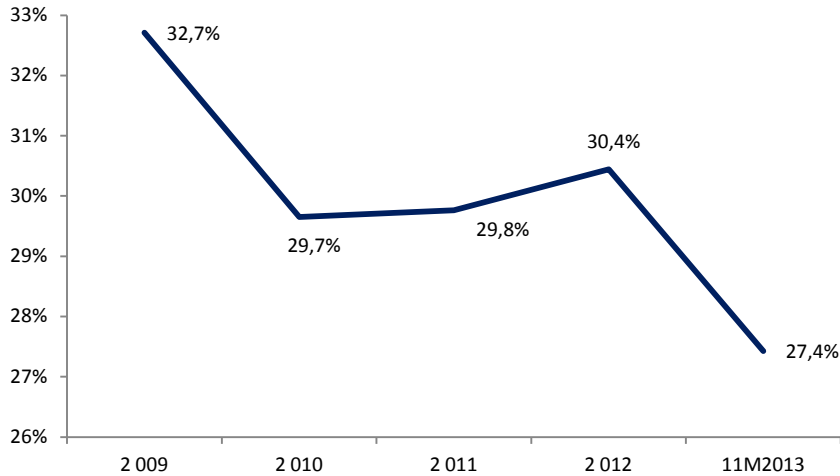
Mortgages lending in Russia (RUB bn)



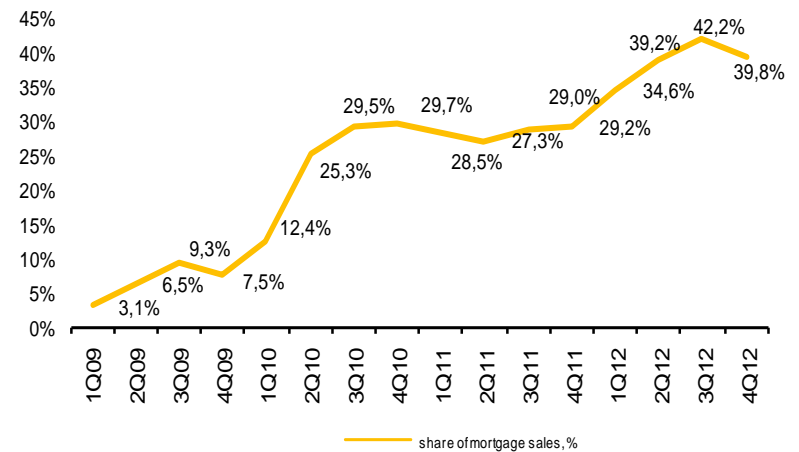
Average interest rates on new mortgages in Russia



Mortgage affordability (monthly mortgage payment divided by monthly household income)



Share of PIK's mortgage sales, %

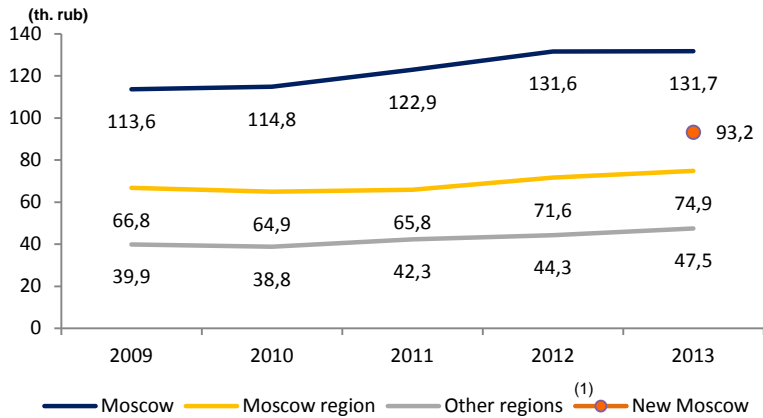


Source: Rosstat, Central bank of Russia, Company data, JP Morgan estimates, Rosstat

Favorable pricing environment across key markets

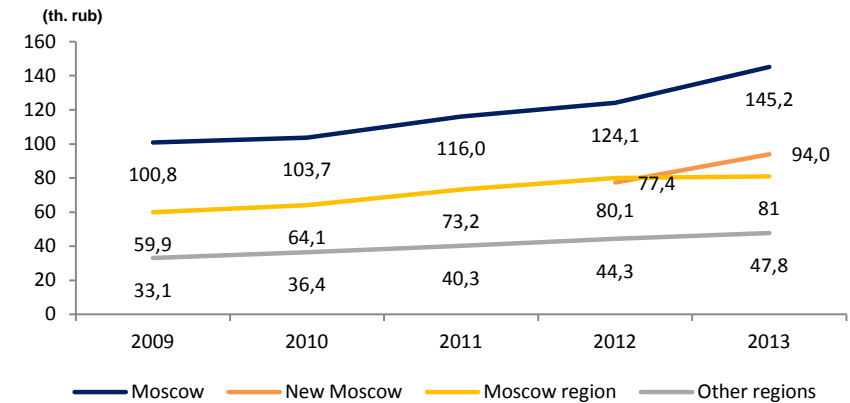


Average primary mass-market prices in Russia



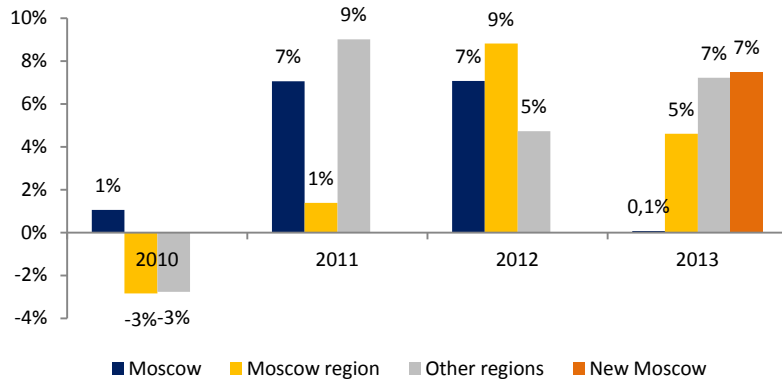
(1) Average prices for other regions are calculated for Russian regions with PIK presence

PIK average retail net selling price*



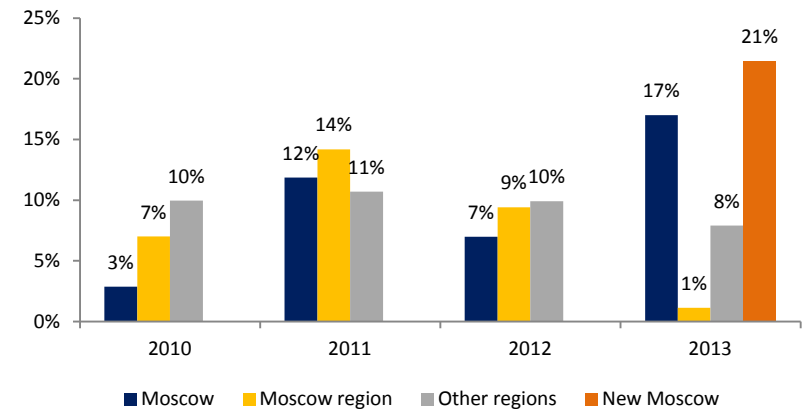
* mass-market only

Average primary mass-market prices in Russia (growth y-o-y)



(1) Average prices for other regions are calculated for Russian regions with PIK presence

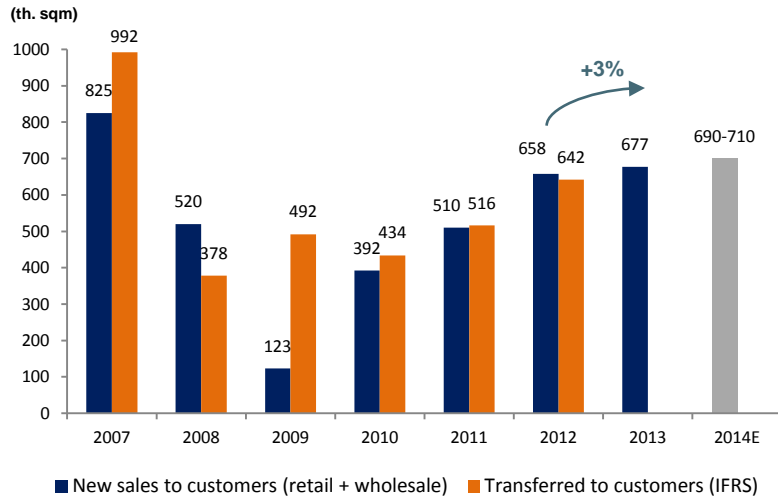
PIK net selling price dynamics



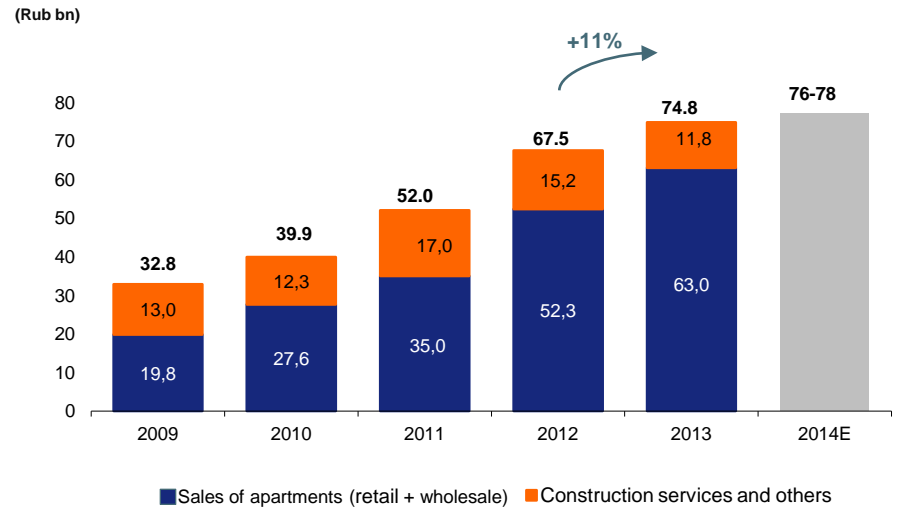
PIK Group's net selling price dynamics can differ materially from the market data due to factors such as annual changes in project mix and stages of project completion

Strong pre-sales and cash collections

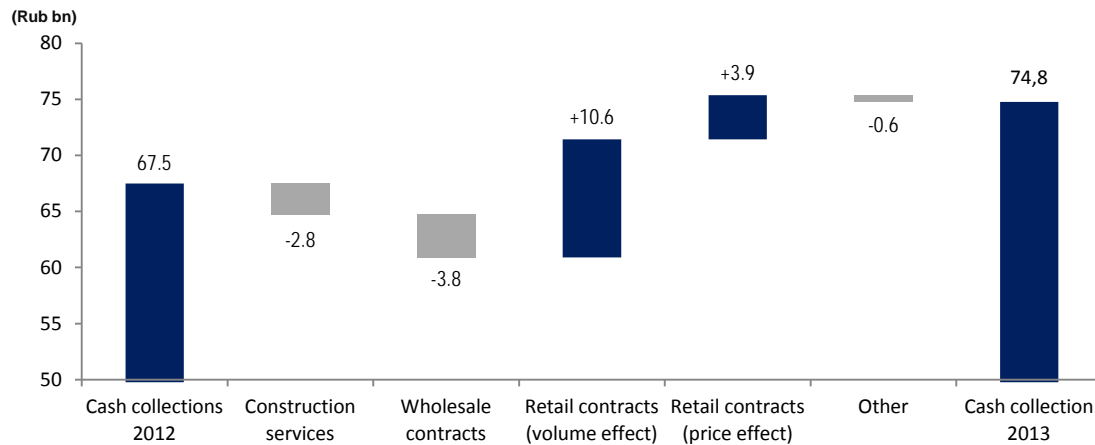
Total new sales and transfers to customers



Gross cash collections summary



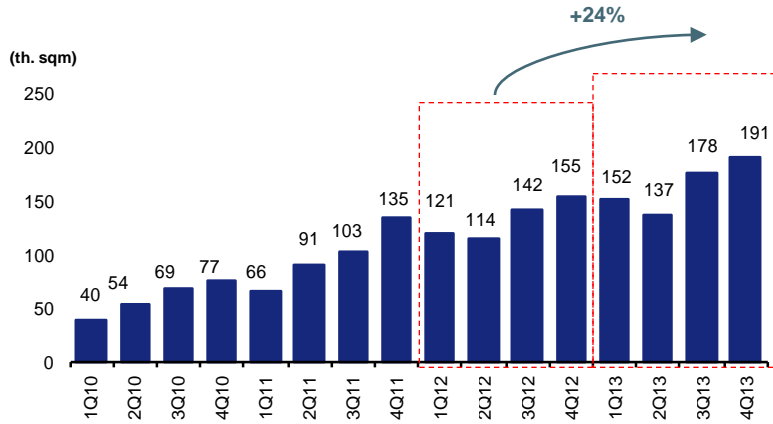
Gross cash collections 2012-2013 bridge



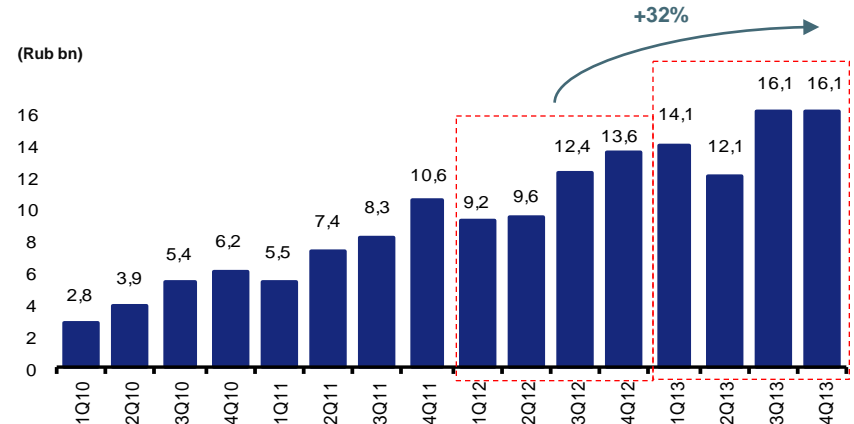
Retail presales are the key driver for growth



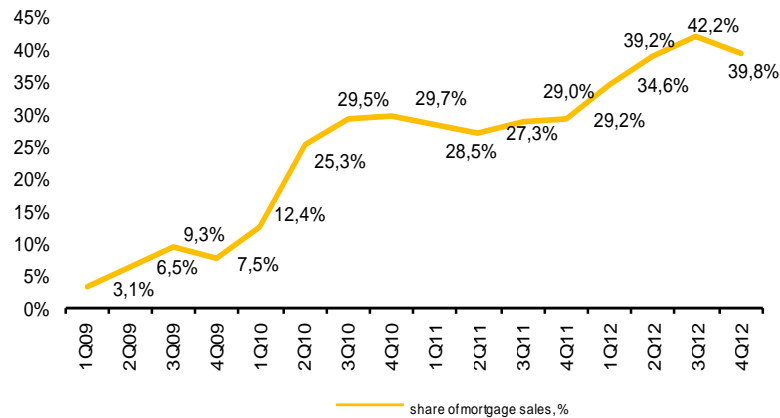
New sales to retail customers (q-o-q)



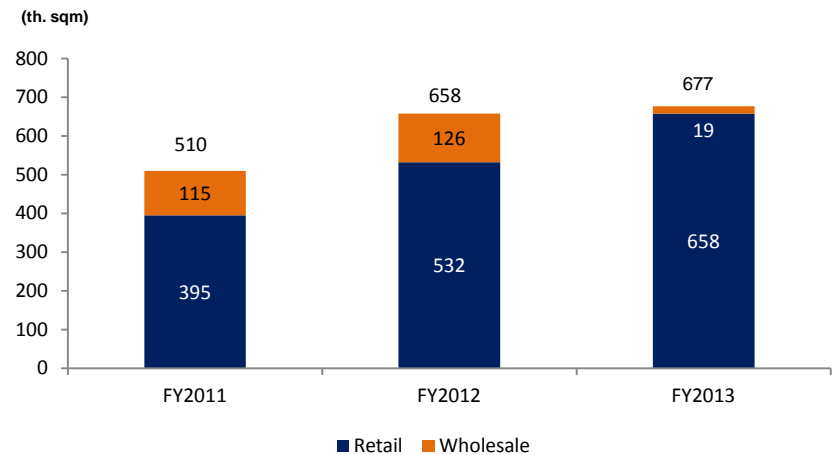
New sales to retail customers (q-o-q)



Share of retail mortgage presales



Breakdown by wholesale/retail



Source: Company Data, Management accounts

Project portfolio breakdown

Portfolio roll-forward in 2013

	NSA, Unsold area, '000 sqm
Total as of December 31 2012	6,537

Project acquisitions pipeline

Moscow, Vavilova st.	32
Odintsovo, Moscow region, Zarechye	70
Kaluga region, Obninsk, mcr. 38, 12	10
Kaluga region, Obninsk, mcr. 55	8
Nizhniy Novgorod, Dargomizhskogo st.	5
Nizhniy Novgorod, Artelnaya st.	10
Rostov-on-Don, pr. Sokolova 86	8
Total	143

Project reinstated as economically viable

1,043

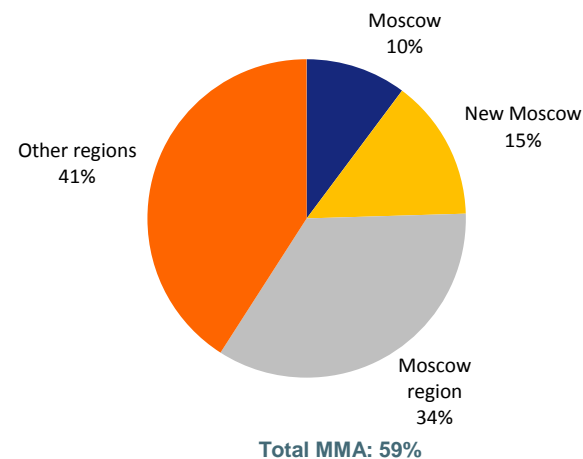
Sqm sold in 2013

(677)

Total as of December 31 2013

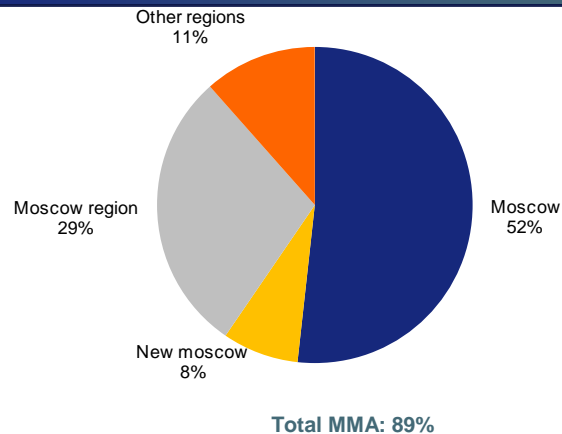
7,046

Portfolio breakdown by NSA, unsold (7,046 th sqm)



* As of December 31, 2013

Portfolio breakdown by market value (\$ 2.9 bn)



* As of December 31, 2012

Project pipeline in MMA



- Active development
- Active development starts in the next 6-12 months
- Predevelopment
- New acquisition in 2013

- Moscow city border before 01.07.12
- Extended Moscow city border
- Prefabricated manufacturing capacities
- Completed projects (selected since 2007)

Top projects in MMA	Size (ha)	Total NSA ('000 sqm)	Unsold NSA ('000 sqm) 31.12.12	Market value (US\$m) 31.12.12	Total remaining budget (US\$m)
Moscow					
1 "City Quarters"	6.83	115	115	419	475
2 Kuntsevo	-	174	143	150	439
3 "Michurinsky"	19.03	35	26	141	0
4 "Grand Kuskovo"	15.32	142	88	131	230
5 "Varshavskie Ognj"	8.87	130	130	130	329
6 Marshala Zakharova str.	4.79	79	79	87	155
7 Izmaylovsky Proezd	3.5	58	58	69	135
8 "Mironovsky"	2.64	36	27	62	51
9 "Novo-Peredelkino"	21.22	211	16	55	28
			682	1 244	
"New " Moscow					
10 Kommunarka, "Buninskiy"	127.79	1 069	1 049	212	1798
			1 049	212	
Moscow region					
11 Mytishi, "Yaroslavsky"	93.35	825	564	258	1282
12 Khimki, "Levoberegny"	41.67	412	252	166	368
13 Khimki, "Novokurkino"	81.0	833	183	91	436
14 Bobrovo	88	161	161	49	302
15 Khimki, "The Star of Russia"	5.78	192	84	47	140
			1 244	611	
Subtotal			2 975	2 067	
Total all projects as of 2012			6 537	2 912	
Subtotal as % of total			45.5%	71.0%	

Major projects under active development



Top projects in other regions	Size (ha)	Total NSA ('000 sqm)	Unsold NSA ('000 sqm) 31.12.12	Market value (US\$m) 31.12.12	Total remaining budget (US\$m)
Other regions					
1 Novorossiysk, "Yuzhnyi bereg", mcr 17	37.06	379	379	21	10
2 Yaroslavl, "Sokol 1"	24.83	268	268	15	7
3 Rostov-on-Don, "Nord"	19.44	245	224	19	6
4 Novorossiysk, "Yuzhnyi Bereg", mcr 16	11.9	158	156	15	5
5 Obninsk, "Borisoglebskiy"	13.5	170	133	41	4
6 Yaroslavl, "Dzerginskiy"	10.32	112	112	7	3
7 Omsk, "Sadoviy"	7.71	87	87	2	3
8 Omsk, Bulvar arkhitektorov	5.16	81	81	3	2
9 Perm, "Griboedovskiy"	6.42	116	78	24	2
10 Kaluga, Ermolaevskaya st.	5.19	67	67	3	2
Subtotal			1 585	150	
Total all projects as of 2012			6 537	2 912	
Subtotal as % of total			24.2%	5.2%	



Andrey Rodionov

Chief Financial Officer

Financial overview



Key financial highlights (IFRS)



In billion RUB unless stated otherwise	2007	2008	2009	2010	2011	2012	1H12	1H13
Revenue	57,9	33,7	41,2	38,1	46,0	66,1	14,5	25,0
- Transfers to customers, '000 sqm	992	378	492	434	512	642	138	261
Revenue from sales of apartments	50,4	23,2	30,7	27,1	35,2	54,8	9,5	20,8
<i>Implied average price '000 RUB/sqm</i>	50,8	61,5	62,5	62,5	68,8	85,3	68,8	79,7
Gross profit	14,2	8,7	8,6	2,9	8,7	14,4	3,1	7,1
<i>Gross profit margin, %</i>	24,5%	25,7%	20,9%	7,5%	18,9%	21,8%	21,4%	28,4%
<i>Gross profit margin from development, %</i>	-	-	-	-	19,3%	23,5%	-	-
adj. EBITDA	11,7	1,6	4,53	(0,4)	5,9	10,7	2,1	6,3
<i>adj. EBITDA margin, %</i>	20,3%	4,7%	11,0%	na	12,8%	16,1%	14,3%	25,3%
Net income ⁽¹⁾	14,8	(30,2)	(11,5)	(6,0)	4,8	3,1	(0,9)	2,6
Net debt⁽²⁾	17,6	37,0	34,9	39,6	44,2	38,1	44,7	23,5
Total equity	50,3	15,9	1,7	(4,6)	0,2	3,3	3,3	16,2
Net cash flow from operating activities	(3,0)	8,2	1,2	(4,8)	(8,1)	7,0	(0,4)	4,6
Free cash flow ⁽³⁾	(12,0)	(12,1)	0,7	(3,6)	(6,5)	5,0	(0,5)	3,5

Notes: (1) Including one-offs and non cash transactions

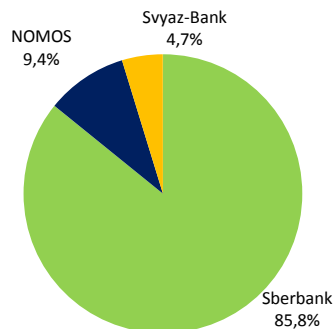
(2) Debt principal is taken excluding accrued interest expense as of year-end.

(3) Free cash flow is calculated as net cash flow from operating activities less acquisition of PP&E, acquisition of development rights and proceeds from sale of development rights

Source: Company Data, IFRS and Management accounts

Debt breakdown by lender (as of February 15, 2014)

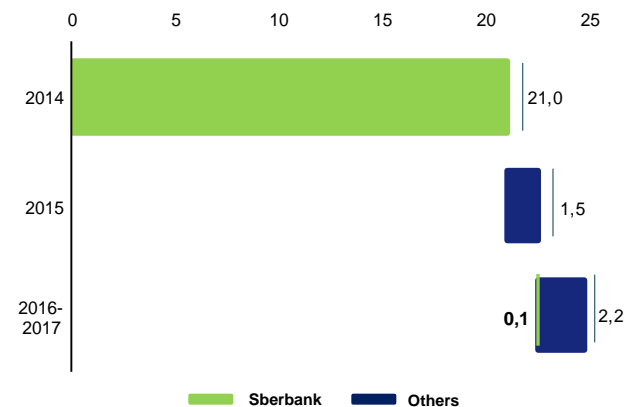
- Total debt – RUB 25.4 bn*
- Debt currency – 100% RUB
- Effective interest rate – 11.36%



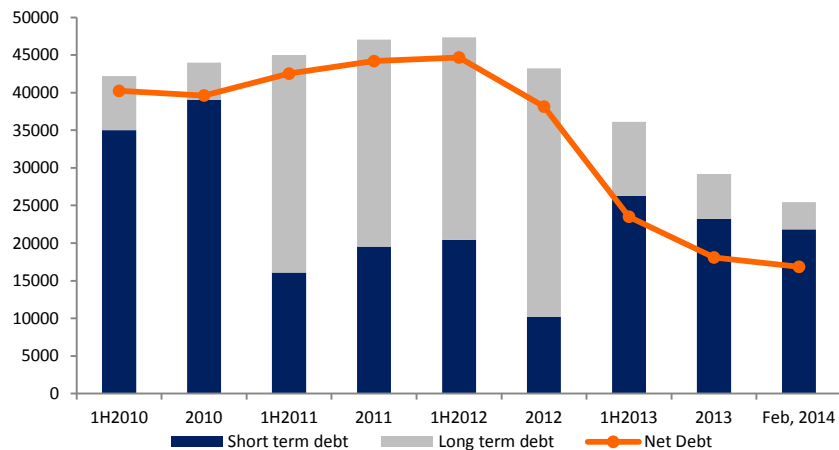
* Including accrued interest

Debt repayment schedule (as of February 15, 2014)

(RUB bn)



Debt breakdown by long term/short term



Net debt

RUB bn	Dec 31, 2011	Dec 31, 2012	Feb 15, 2014
Total debt	47.1	43.2	25.4
Cash and equivalents	(2.9)	(5.1)	(8.8)
Net debt	44.2	38.1	16.6

Rationale

- PIK Group's two prefabricated production facilities in Moscow (formerly DSK-2, DSK-3) have similar location, product type, suppliers, technology and both had duplicating management functions
- The operational efficiency program, which was launched in 2013, envisaged a merger of these two facilities and subsequent technological upgrade aimed at realization of cost synergies and higher investment effectiveness
- The land plot occupied by one of the production facilities (DSK-3), is planned to be developed for a new residential project

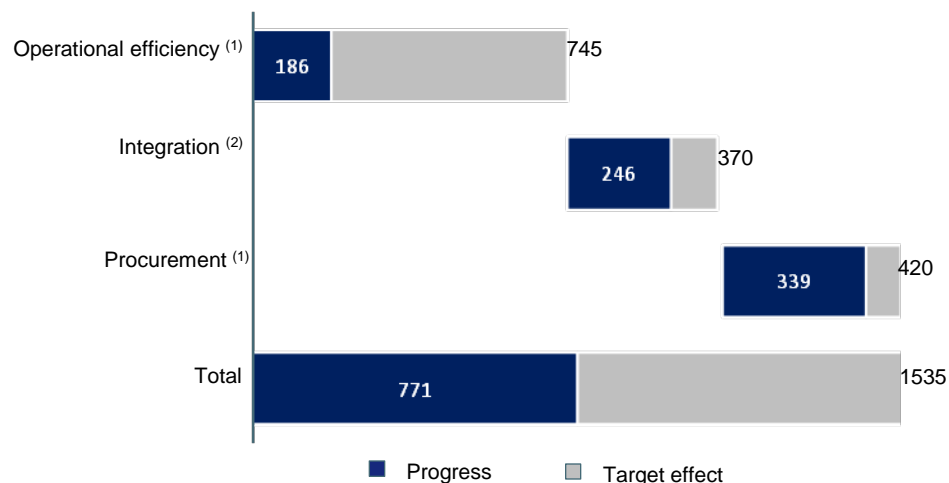
Further plans

- Further implementation of cost synergies
- Further roll out and improvement of the SAP system
- Approval of the unified investment program for new technologies
- Regulatory approval of housing development on the land plot of former DSK-3

Progress

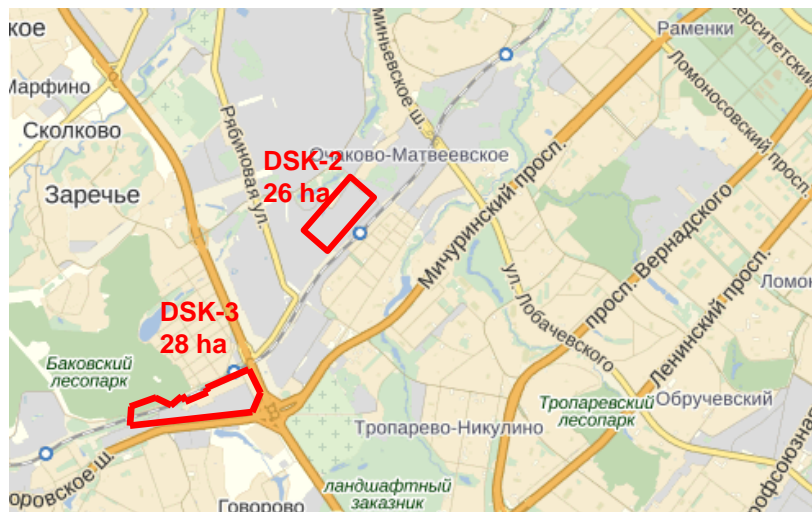
- In November 2013, two legal entities DSK-2 and DSK-3 were merged under a new entity named PIK-Industries
- Single management team was established
- Resulting personnel reduction was over 900 employees
- Unified SAP-based production management platform was launched
- The new company is currently estimated to have a capacity of 850,000 sq.m of housing annually

Realized economic effect in 2013



Note: (1) Actual effect as of December, 2013

(2) Estimated annual effect from headcount optimization to be fully recognized in 2014



- DSK-3 is located on 20.3 ha of land in western part of Moscow
 - Located within a walking distance from existing large-scale residential area and shopping centre
 - Convenient access to public transport

- Given the acquired status of the land, the project has high profitability estimates (GPM ~ 30%)

Project KPI	
Total expected NSA	Over 250,000 sqm ⁽¹⁾
Project duration ⁽²⁾	8.5 years
Exp. start of pre-sales	2016
Est. gross profit at project level	RUB 8.5 - 10 bn

Note: (1) Subject to permitting process
 (2) Including 1.5 years for the permitting and average annual development of 38,000 sqm of housing

Appendix



PIK's typical residential development, Bitsevsky (Moscow)

Key financial ratio analysis



	1H2013	1H2012	Change
Free net cash flow from operating activity, RUB bn	+4.3	-0.4	+4.7
Implied average price, RUB/sqm	79 700	68 800	+15.8%
GPM, %	28.4	22.4	+7.0ppt
Adj. EBITDA margin, %	25.3	14.3	+11.0ppt
Net income, RUB bn	+2.8	-1.0	+3.8
Total debt / Net debt ⁽¹⁾ , RUB bn	36.1 / 23.5	47.3 / 44.7	(11.2) / (21.2)
ROE	42%	Neg.	-

Notes: (1) Debt principal is taken excluding accrued interest expense as of year-end.

Source: IFRS, Company data



Real estate development

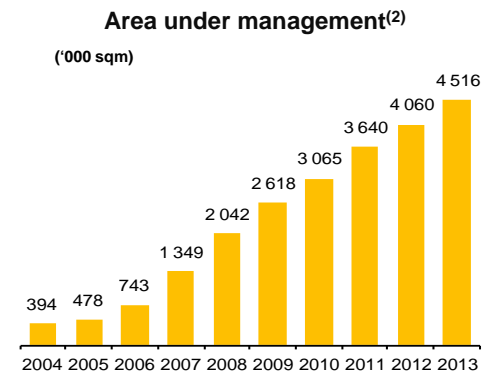
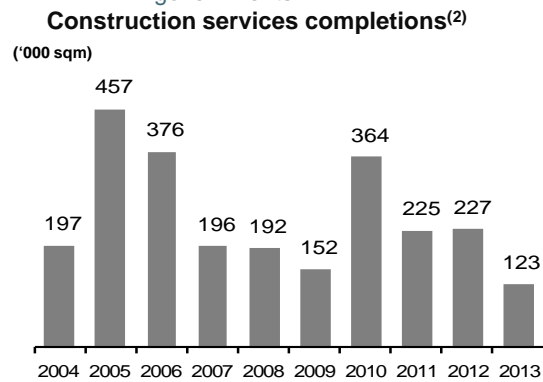
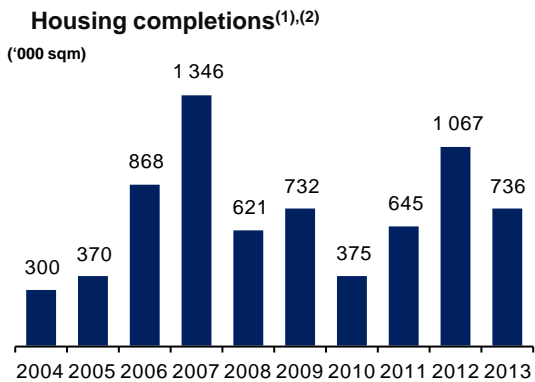
- Full chain of mass market residential development,

Construction services

- Construction services provision to 3rd parties:
 - 3rd party developers
 - Federal and regional governments

Sale of construction materials, facilities management and others

- Sale of construction materials
- Post completion property management
- Others



Typical development process and sales pattern



Note: (1) Excluding construction services completions to 3rd parties (shown on the middle chart)
 (2) Net sellable area

Selected projects under development

Moscow, "City Quarters"

Area, Ha	6.83
Class	High-end Residential
NSA (PIK share), '000 sqm	115
Unsold area, '000 sqm	115
Market value, US\$ mln	419
Pre-sales launch	4Q2014
Estimated completion date	2Q2018
Development cost to completion, US\$ mn	475

Source: CW, December 31, 2012



Visualization



Visualization



Current view

Moscow, "Grand Kuskovo"

Area, Ha	15.32
Class	Mass Residential
NSA (PIK share), '000 sqm	142
Unsold area, '000 sqm	88
Market value, US\$ mln	131
Pre-sales launch	On sale
Estimated completion date	4Q2014
Development cost to completion, US\$ mn	230



May 2012



January 2012

Source: CW, December 31, 2012

Moscow, "Mironovsky"

Area, Ha	2.64
Class	Mass Residential
NSA (PIK share), '000 sqm	36
Unsold area, '000 sqm	27
Market value, US\$ mln	62
Pre-sales launch	On sale
Estimated completion date	4Q2014
Development cost to completion, US\$ mn	51



May 2012



December 2013

Source: CW, December 31, 2012

Selected projects under development

Moscow region, Khimki, “Novokurkino”

Area, Ha	81.0
Class	Mass Residential
NSA (PIK share), ‘000 sqm	833
Unsold area, ‘000 sqm	183
Market value, US\$ mln	91
Pre-sales launch	on sale
Estimated completion date	4Q2017
Development cost to completion, US\$ mn	436



June 2012



September 2012



January 2014

Source: CW, December 31, 2012

Moscow region, Mytishi, “Yaroslavsky”

Area, Ha	93.35
Class	Mass Residential
NSA (PIK share), ‘000 sqm	825
Unsold area, ‘000 sqm	564
Market value, US\$ mln	258
Pre-sales launch	on sale
Estimated completion date	4Q2024
Development cost to completion, US\$ mn	1,282



January 2012



May 2012



December 2013

Source: CW, December 31, 2012

Selected projects under development

Moscow region, Khimki, "Levoberegny"

Area, Ha	41.67
Class	Mass Residential
NSA (PIK share), '000 sqm	412
Unsold area, '000 sqm	252
Market value, US\$ mln	166
Pre-sales launch	on sale
Estimated completion date	4Q2019
Development cost to completion, US\$ mn	368



April 2011



October 2011



December 2013

Source: CW, December 31, 2012

Moscow region, Kommunarka, "Buninsky"

Area, Ha	127.79
Class	Mass Residential
NSA (PIK share), '000 sqm	1,069
Unsold area, '000 sqm	1,049
Market value, US\$ mln	212
Pre-sales launch	On sale
Estimated completion date	4Q2023
Development cost to completion, US\$ mn	1,798



May 2012



May 2013



January 2014

Source: CW, December 31, 2012



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