

INVESTOR PRESENTATION

2018 Full Year Operating Results

January 2019



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2018 GROUP OPERATING HIGHLIGHTS

New contracts ahead of guidance

- A **new contract sales high of 1,002 th. m²** (920 th. m² excluding parking space **up 44% YoY**) with a **total value of RUB 93 bn** (90.3 bn excluding parking space **up 38% YoY**)

Average price reflects optimized mix

- Prices broadly up, though a **higher concentration of mass-market** development sales led to an average price of RUB 98 th./m² in 2018

Solid launch pipeline

- **684 th. m² (620 th. m² excluding parking) launched** across all market segments

Stable completions

- **Completions of 1,009 th. m²** (888 th m² excluding parking space, down 2% YoY) across all market segments, mainly due to changes in project scheduling

Share of mortgages

- Share of **mortgage contracts** reached **53%** in 2018

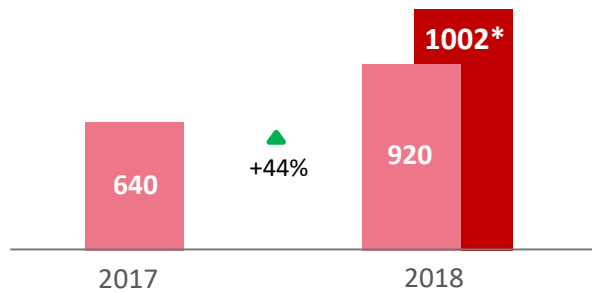
Substantial building material volumes

- 41% YoY increase in sand, 26% YoY increase in crushed granite and 8% YoY increase in ready-mix concrete **reflect increase in demand, maintenance and improvements in logistics**

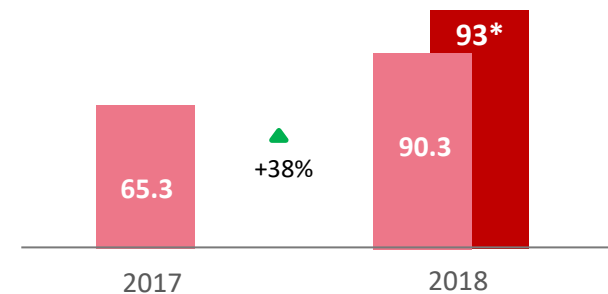
2018 RESULTS HIGHLIGHTS – REAL ESTATE

- **New contract sales of 1,002 th. m²** (920 th. m² excluding parking space **up 44% YoY**) with a **total value of RUB 93 bn** (90.3 bn excluding parking space **up 38% YoY**)
- Average price for in 4Q 2018 was RUB 99 th./m², down 1% QoQ .
- **Launched 684 th. m²** (620 th. m² excluding parking space) across all market segments.
- **Completed 1009 th. m²** (888 th m² excluding parking space, down 2% YoY) across all market segments.
- Share of **mortgage contracts reached 53%** in 2018.
- **1,002 th. m²** (920 th. m² excluding parking space) sold in 2018, **exceeding operating guidance by 9.5%**

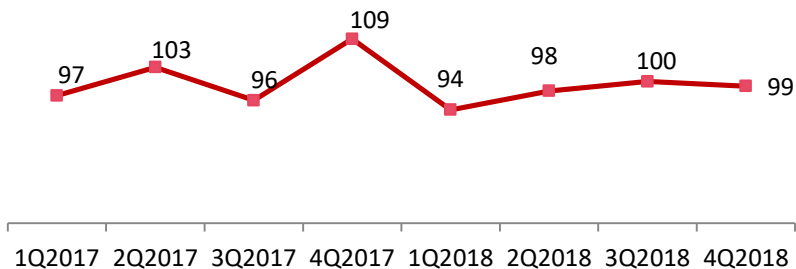
NEW CONTRACT SALES (TH. SQM)



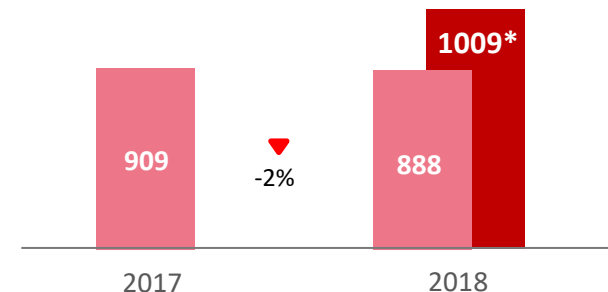
NEW CONTRACT SALES (RUB BN)



AVERAGE PRICE FOR APARTMENTS (RUBk / SQM)

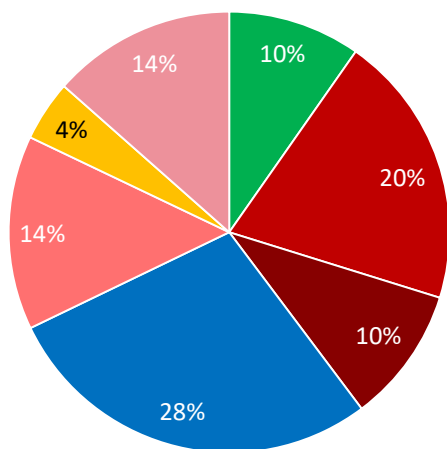


COMPLETIONS (TH. SQM)



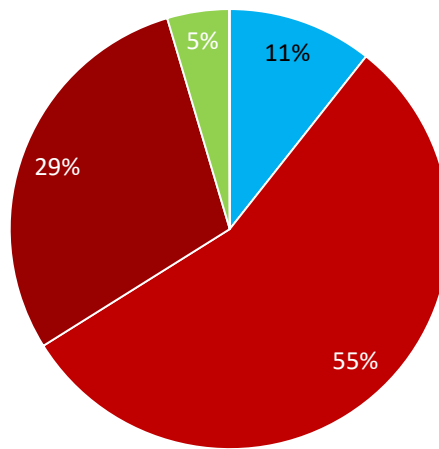
2018 NEW CONTRACT SALES BY PROJECT (BY m² SOLD)

SAINT PETERSBURG



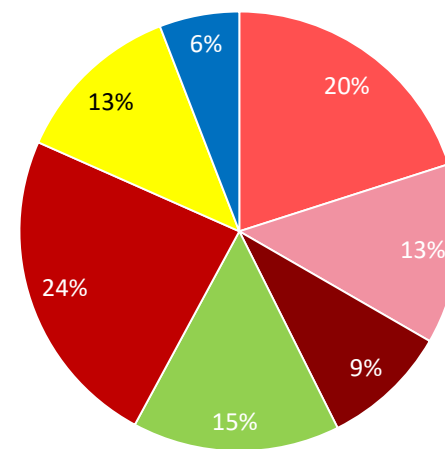
- Kalina Park 9.72%
- Tsvetnoy Gorod 20.08%
- Shuvalovsky 9.95%
- Civilization 28.10%
- Novaya Okhta 14.23%
- Zvezdny Duet 4.44%
- Others 13.48%

MOSCOW



- Nakhabino Yasnoe 10.66%
- Luchi 55.58%
- ZILART 29.37%
- Leningradskoe Shosse 4.54%

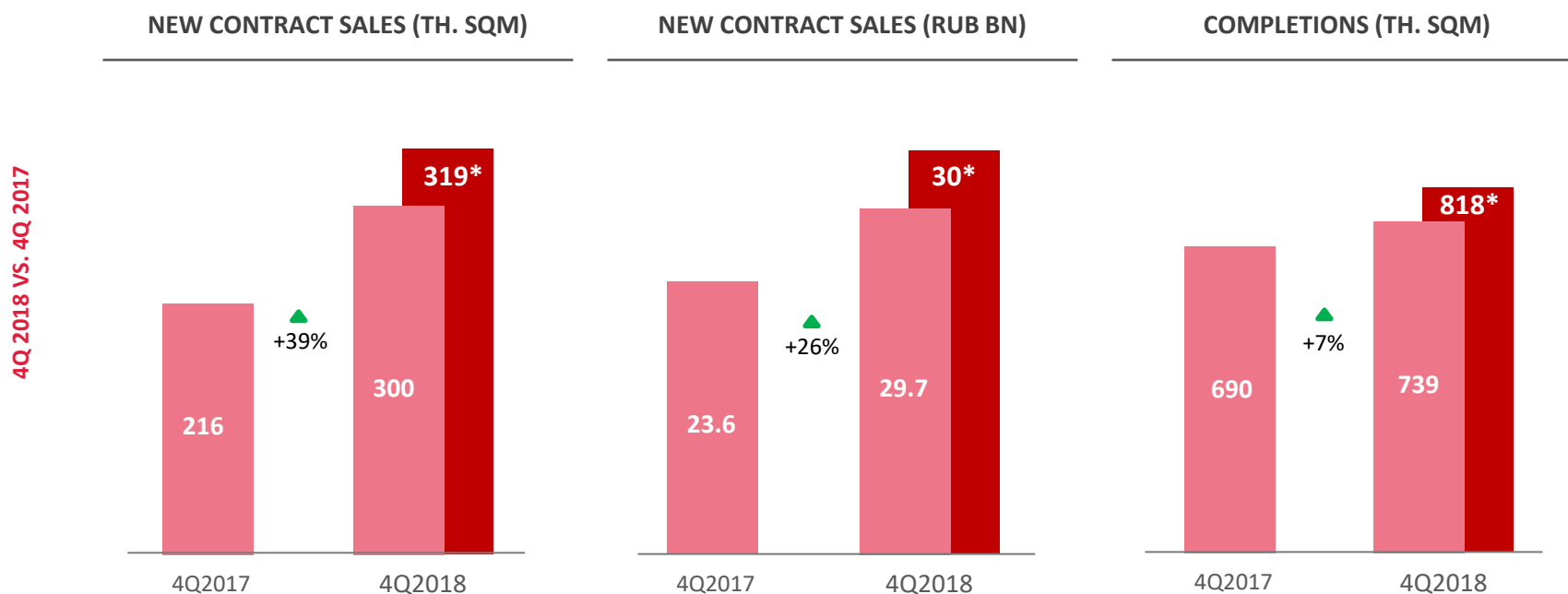
URALS



- Michurinsky 20.06%
- Khrestalnye Klyuchi 13.26%
- Flagman 9.30%
- Meridian 15.26%
- Tsvetnoy Bulvar 23.75%
- Voskhod 12.49%
- Others 5.88%

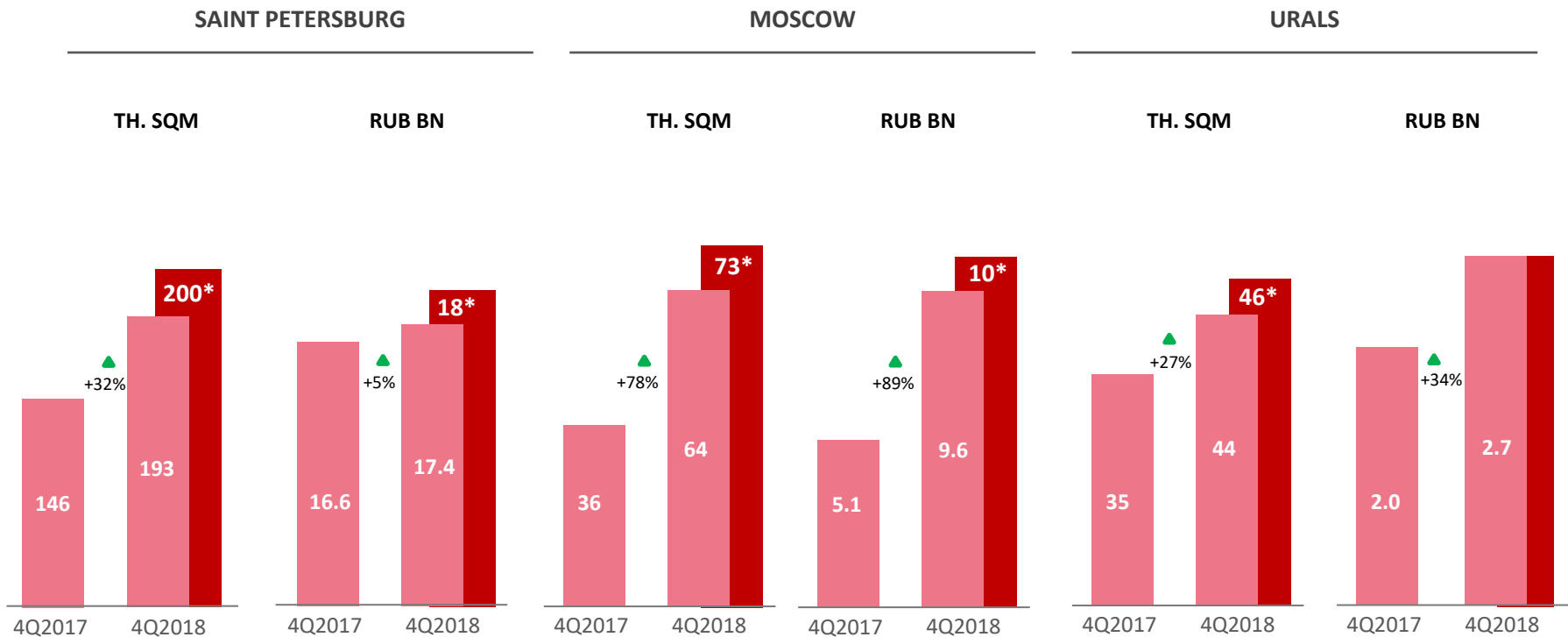
REAL ESTATE DEVELOPMENT: QUARTERLY DYNAMICS

- **New contract sales** amounted to **319 th. m²** (300 th. m² excluding parking , **up 15% QoQ, 39% increase YoY**).
- **Value of contracts** was **RUB 30 bn** (RUB 29.7 bn excluding parking up **13% QoQ , 26% increase YoY**).
- Share of **mortgage contracts** in 4Q 2018 was **51%** across the Company.
- Most completions took place in 4Q in-line with project schedules.



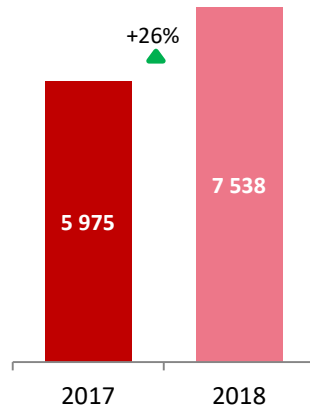
NEW CONTRACT SALES 4Q 2018: REGIONAL FIGURES

- Significant growth in new contract sales across all the regions, in both, QoQ and YoY terms.
- 2018 growth reflects recent adjustments made to the Company's product offering – leading to a more competitive proposition. The growth is also supported by consumer expectations of future price hikes given the most recent regulatory changes, as well as record low mortgage rates in 1H 2018.

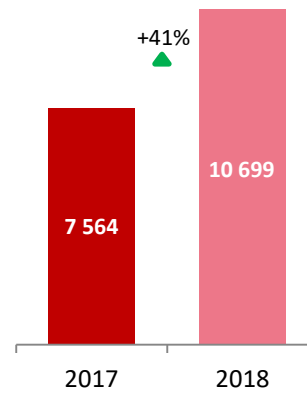


BUILDING MATERIALS

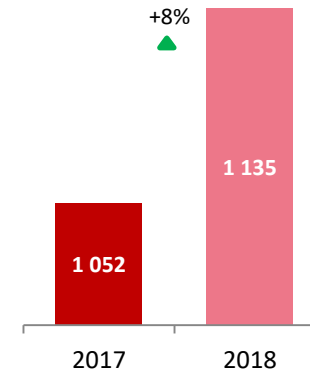
CRUSHED GRANITE ('000 m³)



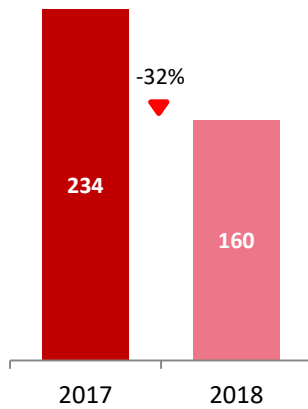
SAND ('000 m³)



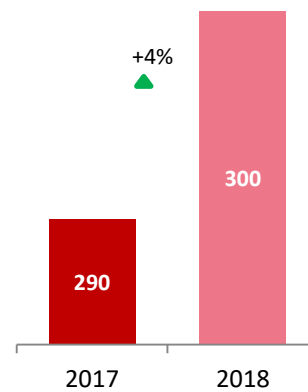
READY MIX CONCRETE ('000 m³)



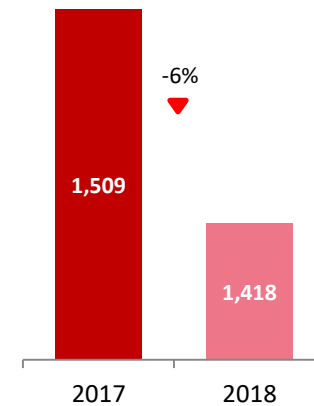
REINFORCED CONCRETE ('000 m³)



BRICKS (mln units)



AERATED CONCRETE ('000 m³)





APPENDIX

LSR GROUP: A LEADING PLAYER IN RUSSIAN RESIDENTIAL REAL ESTATE



**TRUE FEDERAL
PLAYER**

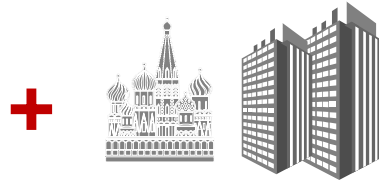
1 ONE OF THE ONLY RUSSIAN DEVELOPERS WITH SIGNIFICANT PRESENCE IN KEY REGIONS

LEADING POSITION

#1 in St. Petersburg

#1 in Yekaterinburg

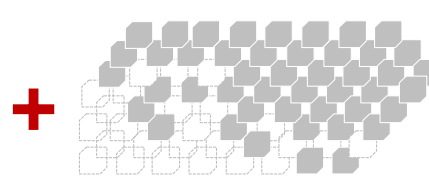
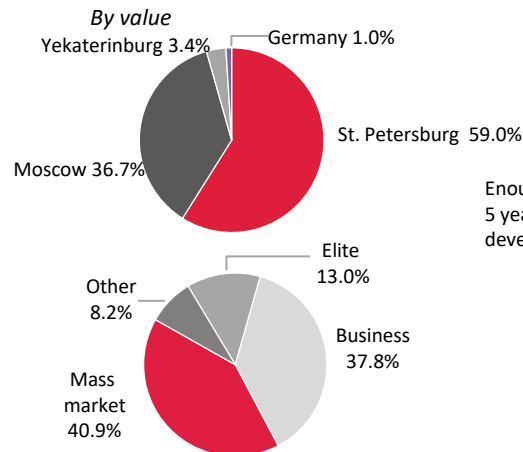
#3 in Moscow



**BALANCED CUSTOMER
EXPOSURE**

2 PRESENCE IN THE MASS MARKET, BUSINESS AND ELITE SEGMENTS

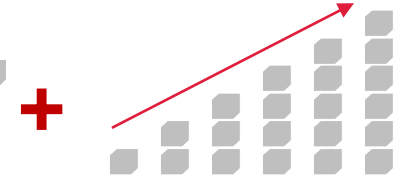
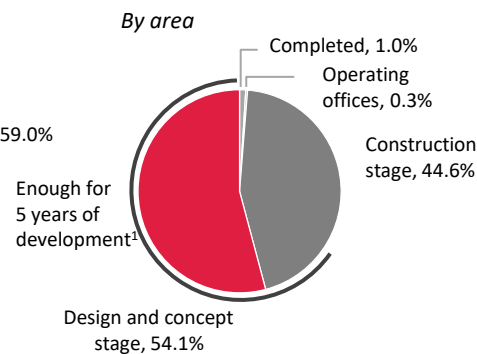
HIGH QUALITY PORTFOLIO



**SCALABLE LAND
BANK**

3 8.6 MILLION m² OF NET SELLABLE AREA WITH MARKET VALUE OF RUB 185 BILLION

LARGE LAND BANK



**SHAREHOLDER
VALUE CREATION**

4 STRONG FOCUS ON SHAREHOLDER RETURNS THROUGH DIVIDENDS

STABLE DIVIDENDS FLOW

RUB 36.1 BILLION

Distributed in dividends over the last 4 years

8 YEAR TRACK RECORD

Of dividend payments supported by well-invested cash generative building materials business

PAYOUT RATIO AROUND 80%

Average payout ratio since 2010

LSR GROUP INVESTMENT HIGHLIGHTS

RIGHT INDUSTRY

- Supportive macroeconomic trends with falling interest rates and increasing housing affordability
- Positive regulatory changes supporting industry consolidation lead by a smaller number of professional and highly reputable homebuilders
- Increased customer focus on the quality of the apartments and infrastructure
- Lower competition for land

RIGHT BUSINESS MODEL

- Truly federal level developer with leading positions across key markets presented in all residential housing market segments
- Large and well-balanced portfolio with attractive customer proposition following latest market trends
- Large-scale projects with a complete infrastructure and housing package
- Existing land bank is sufficient from a quality and volume perspective

STRONG LEADERSHIP

- Long-term commitment to dividend payments and balanced capital structure
- Strong management team aligned with shareholders interests
- Best-in-class and internationally recognized corporate governance system
- Strong track record of delivering outstanding results
- Long-term support from the key shareholder

RIGHT POINT IN CYCLE

- Company has recently completed its transformation by adjusting its product offering leading to increased affordability and more competitive proposition
- End of large-scale investment cycle
- Zilart is approaching cash-generative stage
- Balanced project mix and development schedule going forward
- Additional upside from FCF positive building materials business



KEY OPERATING RESULTS

REAL ESTATE¹

	4Q 2017	4Q 2018	Change %	4Q 2018 ADJUSTED	2017	2018	Change, %	2018 ADJUSTED
New contract sales, th. m²	216	300	39%	319	640	920	44%	1 002
Completed, th. m²	690	739	7%	818	909	888	(2%)	1 009
Real Estate - St. Petersburg								
New contract sales, th. m²	146	193	32%	200	407	562	38%	599
Completed, th. m²	466	550	18%	589	607	644	6%	715
Real Estate – Moscow								
New contract sales, th. m²	36	64	78%	73	122	199	63%	236
Completed, th. m²	182	114	(38%)	153	193	114	(41%)	153
Real Estate – Yekaterinburg								
New contract sales, th. m²	35	44	27%	46	110	159	45%	167
Completed, th. m²	42	76	79%	76	109	131	20%	140

BUILDING MATERIALS¹

Product	4Q 2017	4Q 2018	Change %	2017	2018	Change, %
Crushed granite, th. m ³	1 445	1 758	22%	5 975	7 538	26%
Sand, th. m ³	1 992	2 665	34%	7 564	10 699	41%
Ready-mix concrete, th. m ³	243	274	13%	1 052	1 135	8%
Bricks, million units	62	71	15%	290	300	4%
Reinforced concrete, th. m ³	60	27	(55%)	234	160	(32%)
Aerated concrete, th. m ³	310	313	1%	1 509	1 418	(6%)

Source: company information

Note: ¹ Operating results in these tables are rounded to whole numbers, calculations are based on the full figures *ADJUSTED figure including parking at a conversion rate of 30 m² per parking lot

Contacts



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