



# 2011 Results presentation

March 2012



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# Today's presenting team



**Viacheslav Zarenkov**

- President
- Founding shareholder
- Founded in 1987



**Anton Evdokimov**

- CFO
- With Etalon Group since 1998



**Dmitri Boulkhovkov**

- Head of investments
- With Etalon Group since 2007



**Alexander Shkuratov**

- Head of strategy and business development
- With Etalon Group since 2007

# At a glance

## Presence in rapidly growing markets

- **Leader in St Petersburg\*** real estate market with ca. **11% market share** <sup>(1)</sup>
- **Strong presence in Moscow\*** real estate market
- **Dominant player in “comfort class” in Russia**

## Liquidity and credit ratings

- Secure liquidity position supported by pre-sales cash collections
- **Low leverage:** 0.6x Net debt / EBITDA as of 31.12.2010<sup>(2)</sup>, Net cash = US\$167 mln as of 31.12.2011
- Credit rating by S&P<sup>(3)</sup>: **B/Stable/B**

## Strong delivery track record

- **3.1 mln sqm** commissioned since inception in 1987
- **25 years** of construction & development experience

## Rapidly expanding projects portfolio

- Projects portfolio focused on **cash-flow generation**
- Focus **on upper economy class and lower middle class** segments
- **Sufficient land bank** to support future recurring income. Land bank secured to 2x delivery volume by 2012 and 4x by 2014

## True vertical integration

- **All stages** of development cycle
- Large-scale multi-phase projects
- **Country-wide sales network**

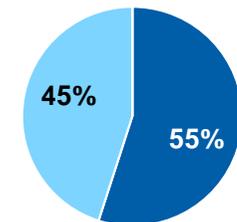
## Corporate governance

- Fully accomplished Board of Directors with appropriate representation of interests of all investor groups
- Quarterly trading updates and semi-annual financial reporting

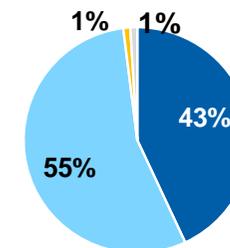
Ticker	ETLN:LI
Market capitalization	US\$ 2,006 mln (16.03.2012)
Share price	US\$ 6.80 (16.03.2012)

## Portfolio composition

### Total unsold NSA breakdown



■ SPMA as of 31.12.2011  
■ MMA as of 31.12.2011



■ Residential under construction ■ Residential design stage  
■ Completed residential ■ Standing commercial

Source: JLL report as of 31.12.2011,

\* St Petersburg metropolitan and Moscow metropolitan areas respectively

(1) Average annual market share of total residential completions in the private sector (excluding individual construction) between 2000 and 2011 in St. Petersburg; (2) Net debt as of 31.12.2010, EBITDA for 2010; based on audited consolidated IFRS accounts of Etalon Group; (3) 'B' long-term & 'B' short-term corporate credit ratings of SSMO LenSpetsSMU with 'Stable' outlook (last reconfirmed on 10.01.2012);

# Our strengths

- 1 Extensive track record of consistent delivery of quality projects
- 2 Focus on key markets – Moscow and St. Petersburg Metropolitan Areas
- 3 Dominant player in “comfort class” in Russia
- 4 Strategic Vertical integration: control over costs, quality and timing
- 5 Nationwide sales and marketing network
- 6 Efficient use of capital – portfolio focused on cash generation
- 7 Strong financial performance and robust balance sheet
- 8 Experienced and dedicated management team
- 9 Strong corporate governance and commitment to transparency



1.

**2011 Results:**  
Another year  
of solid  
performance

2.

**Growth  
opportunities:**  
Spanning  
several  
generations

3.

**Existing land  
bank:**  
Secures 5  
year  
construction  
program

4.

**Case studies:**  
Track record  
of successful  
execution

5.

**Looking back  
at 2011:**  
Growing  
operations  
and key  
milestones

6.

**Looking  
forward to  
2012:** Strong  
pipeline of  
projects

7.

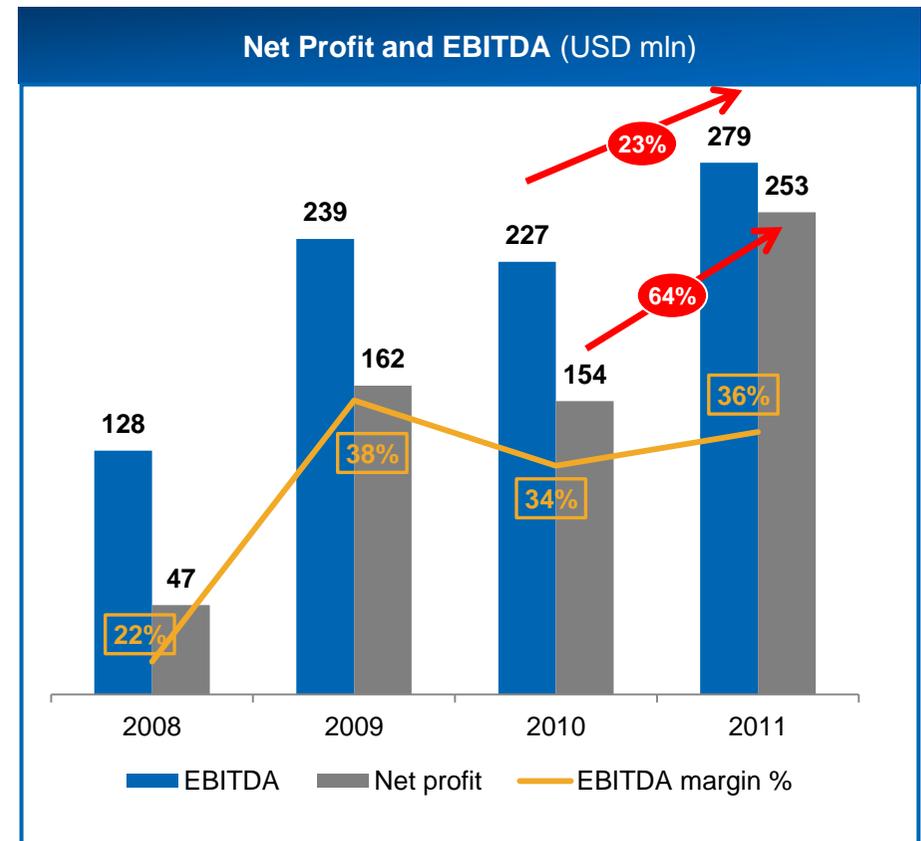
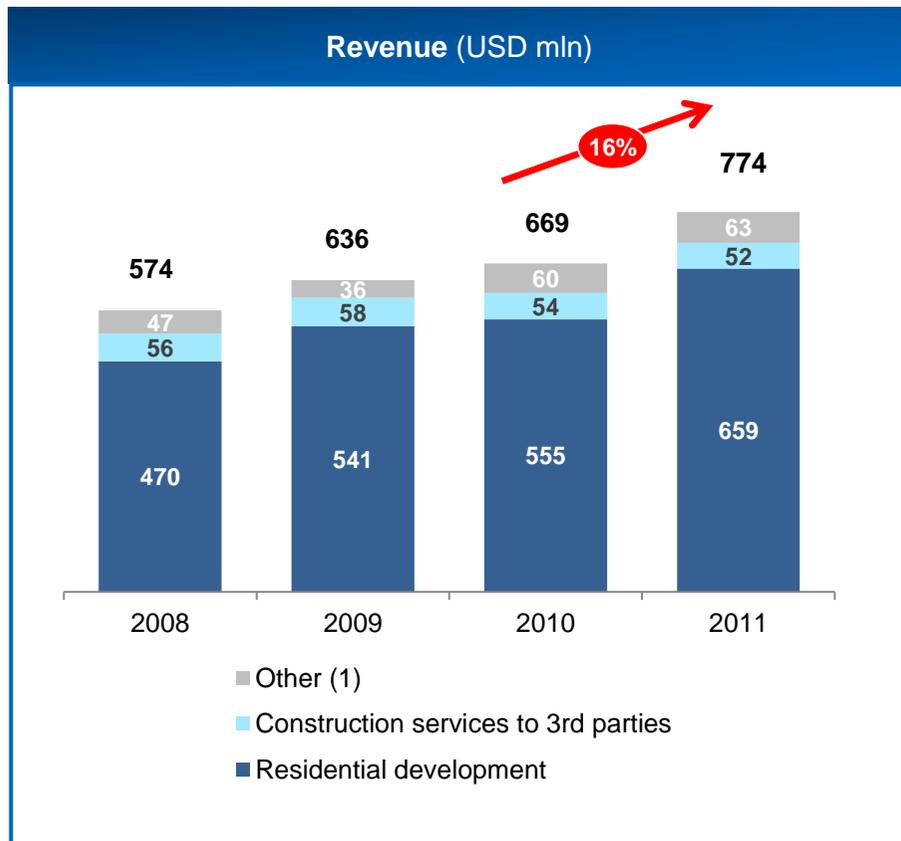
**Appendix**



1.

**2011 Results:**  
Another year  
of solid  
performance

# Strong financial performance



Source: audited consolidated IFRS accounts for 2008, 2009, 2010, 2011

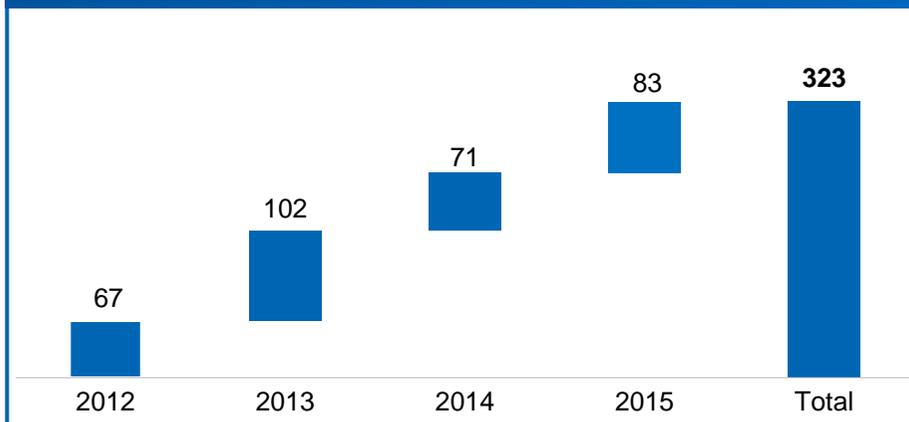
Average USD/RUB fx rate in 2010 30.38

Average USD/RUB fx rate in 2011 29.39

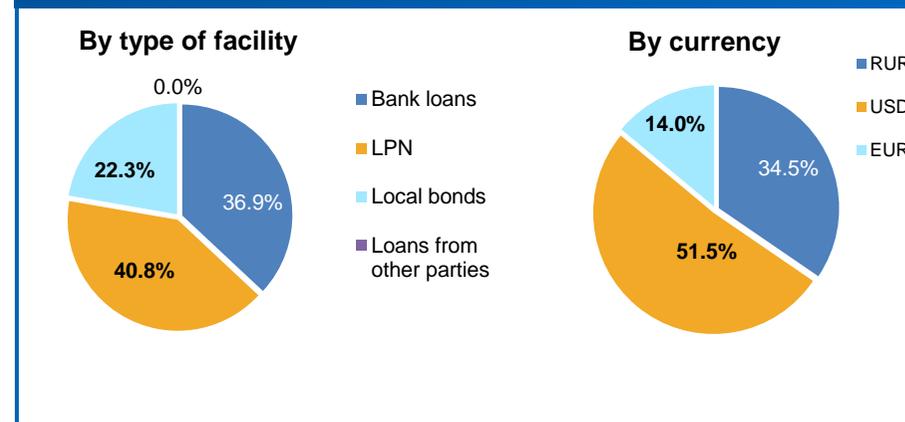
(1) Includes 'Other operations' reporting segment (selling of construction materials, construction of stand-alone premises for commercial use and various services related to sale and servicing of premises) and 'Other revenues' (reflect revenues from operations not classified under any of the three reporting segments) (2) EBITDA is defined as profit (loss) for the period before interest and related income / (expenses), income tax expense, depreciation and amortization

# Robust balance sheet

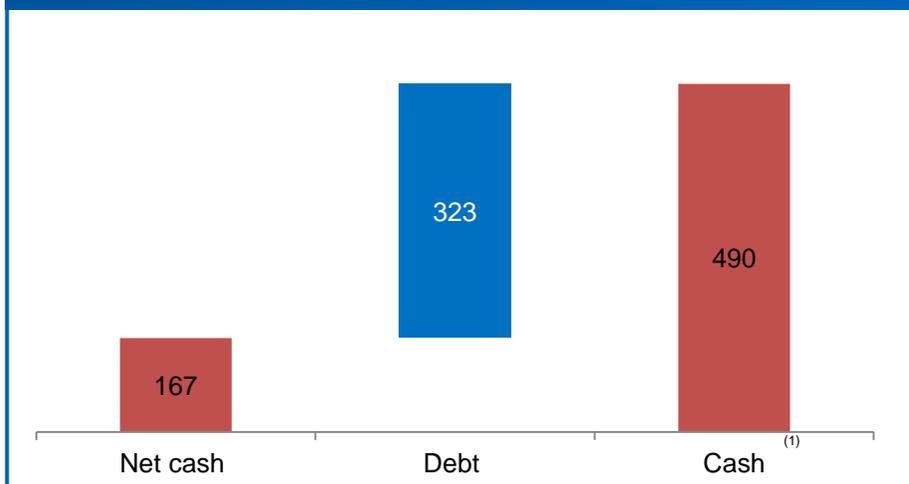
Debt cash flows maturity profile (as of 31/12/2011; USD mln)



Debt composition (as of 31/12/2011)



Net cash (at 31/12/2011), USD mln



Financing strategy

- Longer debt maturities (3-5 years)
- Decrease the cost of funding
- Conservative approach to leverage, less than 2.0 net debt/EBITDA

End of period USD/RUR fx rate at 31 December 2011 32.20

End of period EUR/RUR fx rate at 31 December 2011 41.67

(1) Includes bank deposits from ST Investments line (Note 19 of Financial statements)



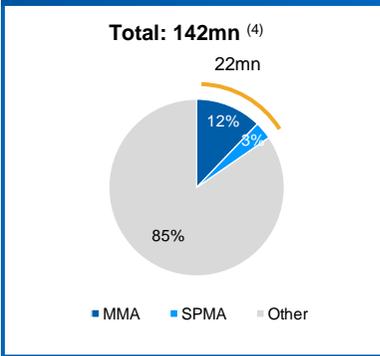
## 2.

**Growth opportunities:**  
Spanning  
several  
generations

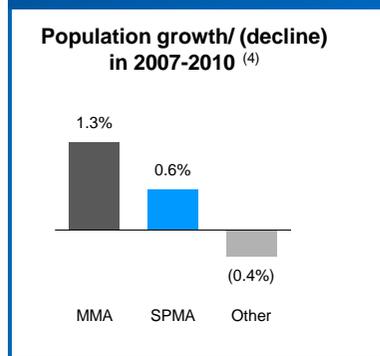
# Multiple generations of growth opportunity

MMA and SPMA are the most attractive residential markets in Russia

## MMA & SPMA – most populated Russian regions...

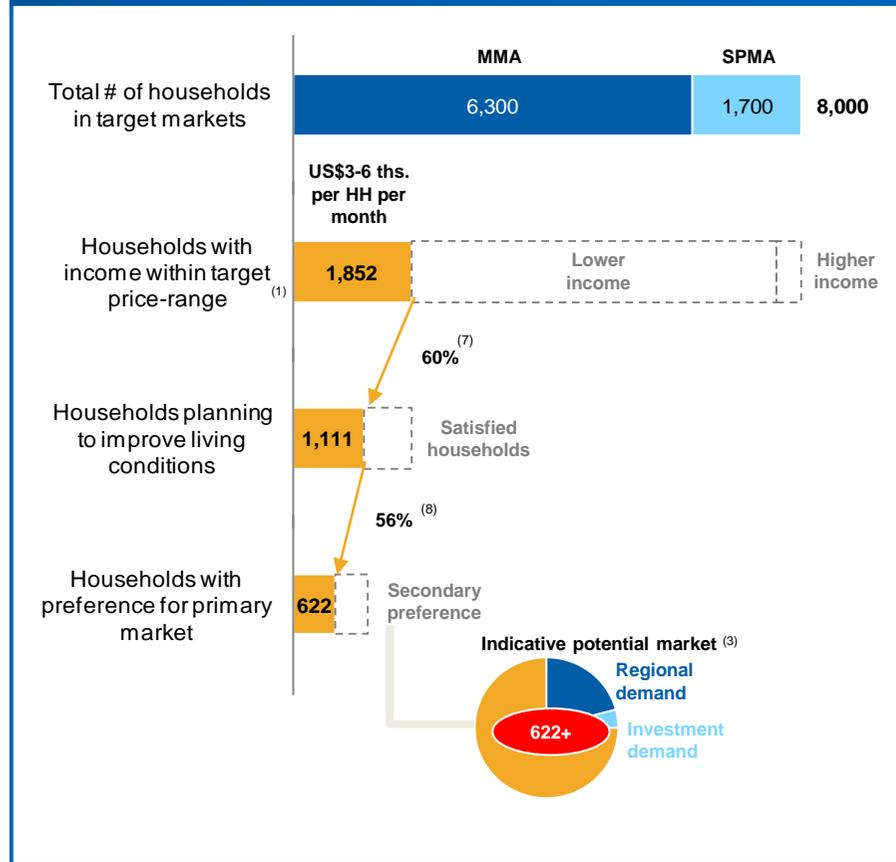


## ... with growing demand for residential real estate

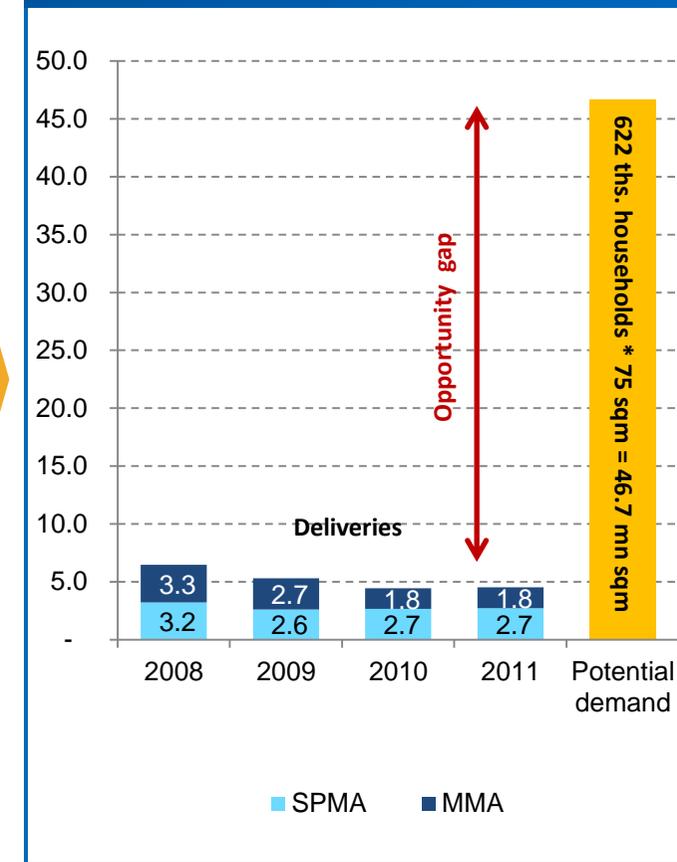


Source: Rosstat

## Potential demand estimation (ths. households)



## Potential demand estimation (mn sqm)



The above set of simple assumptions further supports the existence of significant unsatisfied demand for value-added housing in MMA and SPMA

(1) Company estimates based on Rosstat's methodology and data; includes additional demand from mortgage users - share of sales with mortgage in total sales is 12%, according to MER (assuming no overlap between mortgage and instalments customers); (2) 1H2010 new supply volume of Middle Class residential properties on the primary market, according to MIAN and SPb Realty, converted from sqm into housing units, assuming that 1 flat = 85.3 sqm (average flat size in Russia in 2009, Rosstat); (3) The demand structure shown on the pie chart is for indicative purposes; (4) Rosstat data as of January 2010; (5) Residential real estate commissioning, excluding individual construction; (6) Calculated as residential real estate commissioning volume in 2009 (excluding individual construction) multiplied by average real estate RUR prices on the primary market in 2009 and divided by end of period official CBR RUR/US\$ exchange rate in 2010 (RUR/US\$ 30.5); (7) 60% of households plan to improve living conditions (source - Rosstat, Comcon, 2010); (8) 56% of consumers prefer primary vs. secondary residential real estate market (Source -Metriinfo survey in Moscow, 1H 2010)

# Orbit project case study – a robust pre-sale model

**Status:** 1<sup>st</sup> stage of Orbit project was delivered in November 2011

**NSA delivered:** 71.6 thousand sqm

**Construction period:** 2008-2011

**Pre-sales rate:** 765 flats (97% of total 787) pre-sold by the date of delivery



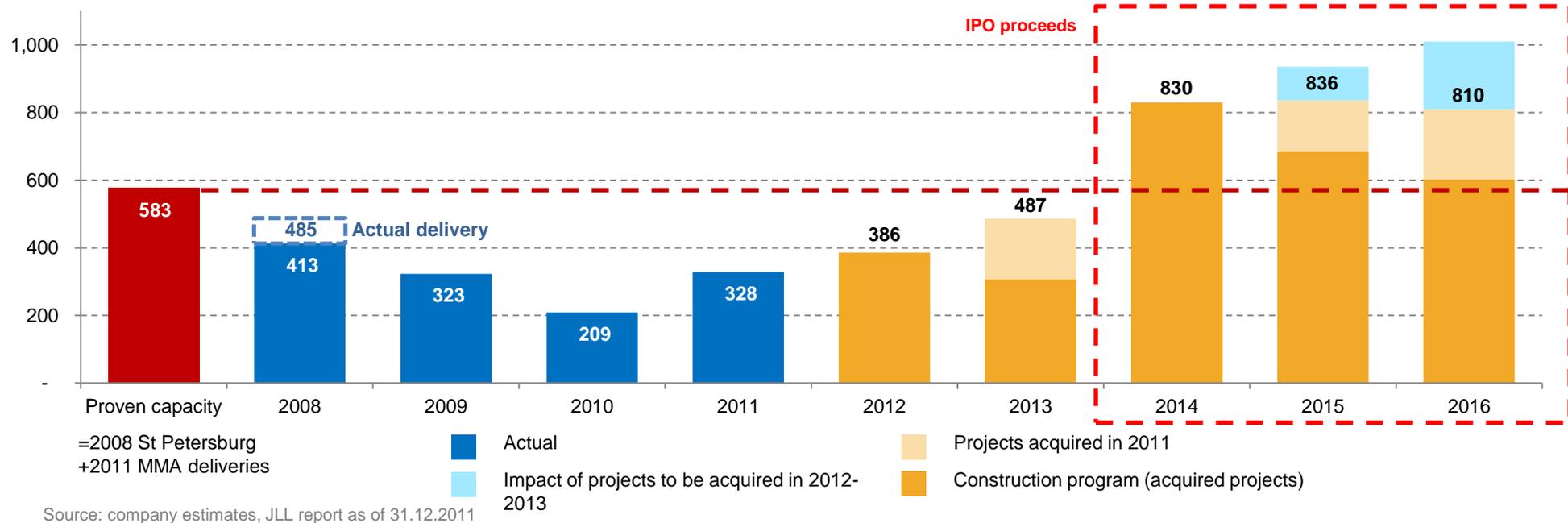


### 3.

**Existing land bank:**  
Secures 5  
year  
construction  
program

# 5 Year program based on existing land bank

## Sufficient land bank to increase deliveries 2x by 2012 and 4x by 2014



## Projects delivered in 2011

Project	NSA, sqm
1 Talisman	14,867
2 Jubilee Estate 78A building 6	69,866
3 Jubilee Estate 78A building 7	34,165
4 Jubilee Estate 78A building 4	32,737
5 Orbit building 1	71,671
6 Emerald Hills stage 1	97,594
Other	7,535
<b>Total</b>	<b>328,435</b>

# Project portfolio time line

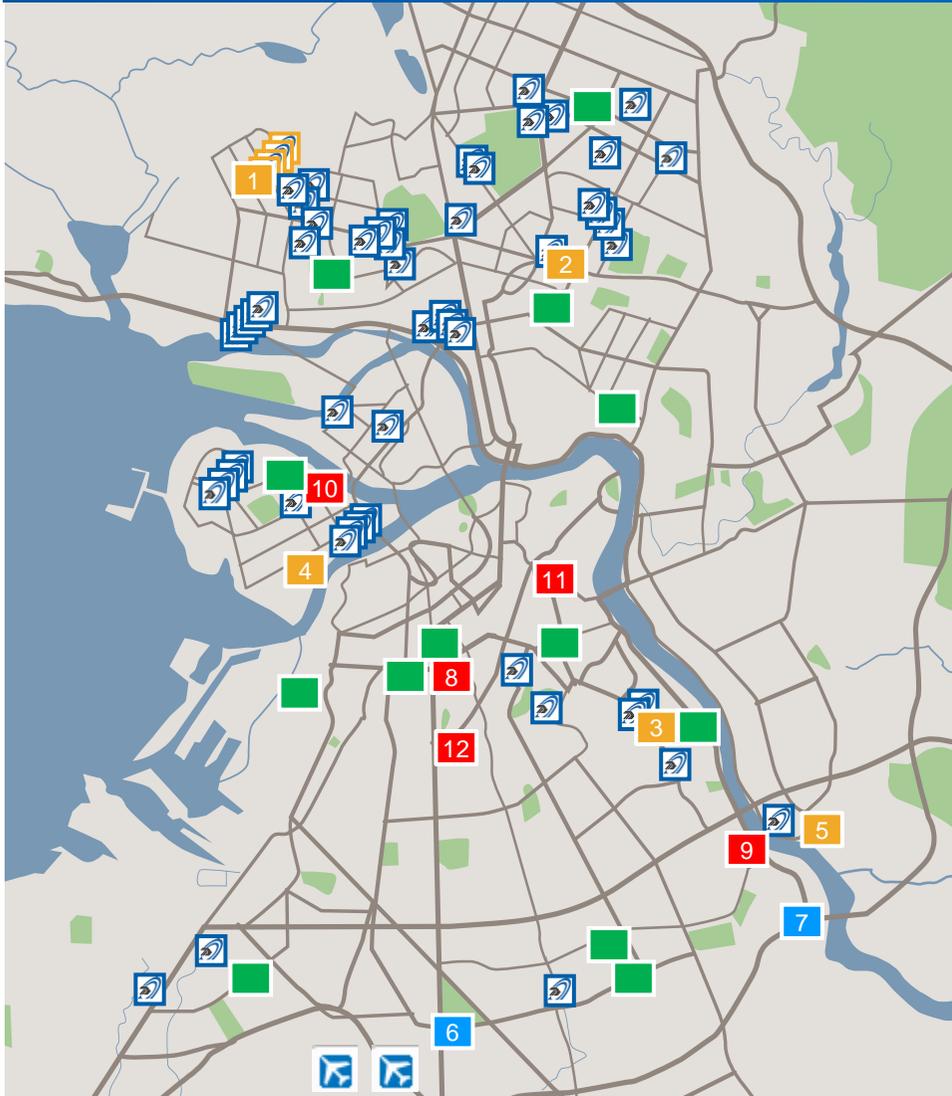
Construction period

#	Project	2011	2012	2013	2014	2015	2016	Status	Total NSA ('000 sqm)	Unsold NSA (Etalon,s share) ('000 sqm)	OMV (US\$m)	Unsold parking (lots)	Construction budget (US\$m)	Outstanding budget (US\$m)
<b>St. Petersburg</b>														
1	Jubilee Estate	←→						Construction	602	242	448.6	1,375	738	31
2	Orbit	←→						Construction	207	88	114.7	908	233	82
3	Etude	←→						Construction	23	7	13.3	138	23	5
4	Prestige	←→						Construction	21	13	33.9	96	42	8
5	Lastochkino gnezdo	←→						Construction	319	318	50.1	1,950	387	382
6	Letniy	←→						Construction permit	71	71	25.6	604	86	86
7	Rechnoy	←→						Construction permit	108	92	22.3	688	125	125
8	Galant	←→						Construction permit	56	56	28.1	123	91	91
9	Molodejny	←→						Construction permit	96	96	32.5	678	109	109
10	Samotsvety	←→						Planning permit	187	187	63.4	865	311	310
11	Tsarskaya stolitsa	←→						Planning permit	459	358	129.5	1,638	793	793
12	Moskovsky	←→						Planning permit	253	253	118.6	1,286	408	408
<b>Completed and unsold residential developments</b>									1,133	30	46.3	623	0	0
<b>Completed stand-alone commercial properties</b>									39	6	41.7	0	0	0
<b>Total SPMA</b>									<b>3,574</b>	<b>1,817</b>	<b>1,168.6</b>	<b>10,972</b>	<b>3,346</b>	<b>2,430</b>
<b>Moscow</b>														
1	Emerald Hills	←→						Construction	884	779	342.2	4,463	1,132	978
2	Etalon-City	←→						Planning permit	381	364	99.6	4,019	576	576
3	Dmitrovskoe shosse	←→						Planning permit	357	285	103.4	2,584	538	531
<b>Total MMA</b>									<b>1,622</b>	<b>1,428</b>	<b>545.2</b>	<b>11,066</b>	<b>2,246</b>	<b>2,085</b>
<b>Total Etalon Group</b>									<b>5,196</b>	<b>3,245</b>	<b>1,713.8</b>	<b>22,038</b>	<b>5,592</b>	<b>4,515</b>

Source: company estimates, JLL report as of 31.12.2011

# Operations in Moscow\* Set to Repeat the Success of St Peterburg's Business\*

## Projects in St. Petersburg Metropolitan Area



## Projects in Moscow Metropolitan Area



Completed   
 Under construction (1)   
 Design stage (1)   
 Newly acquired projects   
 In the course of DD and negotiations

\* Moscow metropolitan and St Petersburg metropolitan areas respectively  
 (1) Project numbers in square correspond to the projects in the table at page 4



# 4.

**Case studies:**  
Track record  
of successful  
execution

# Case study: Golden bay (SPMA)

**Description:** 7 buildings in “comfort” segment

**NSA:** 245 thousand sqm

**Cash collections:** c. USD 342 mln

**Development costs:** c. USD 192 mln

**Construction Period:** 2003 – 2008



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# Case study: Jubilee Estate (SPMA)

**Description:** Thirteen buildings up to 25 floors using poured concrete technology with brick elements and ventilated facades.

**NSA:** 601,758 sqm

**Location:** Primorsky district of St. Petersburg

**Status:** 11 of 13 buildings complete

**Construction period:** 2007-2012



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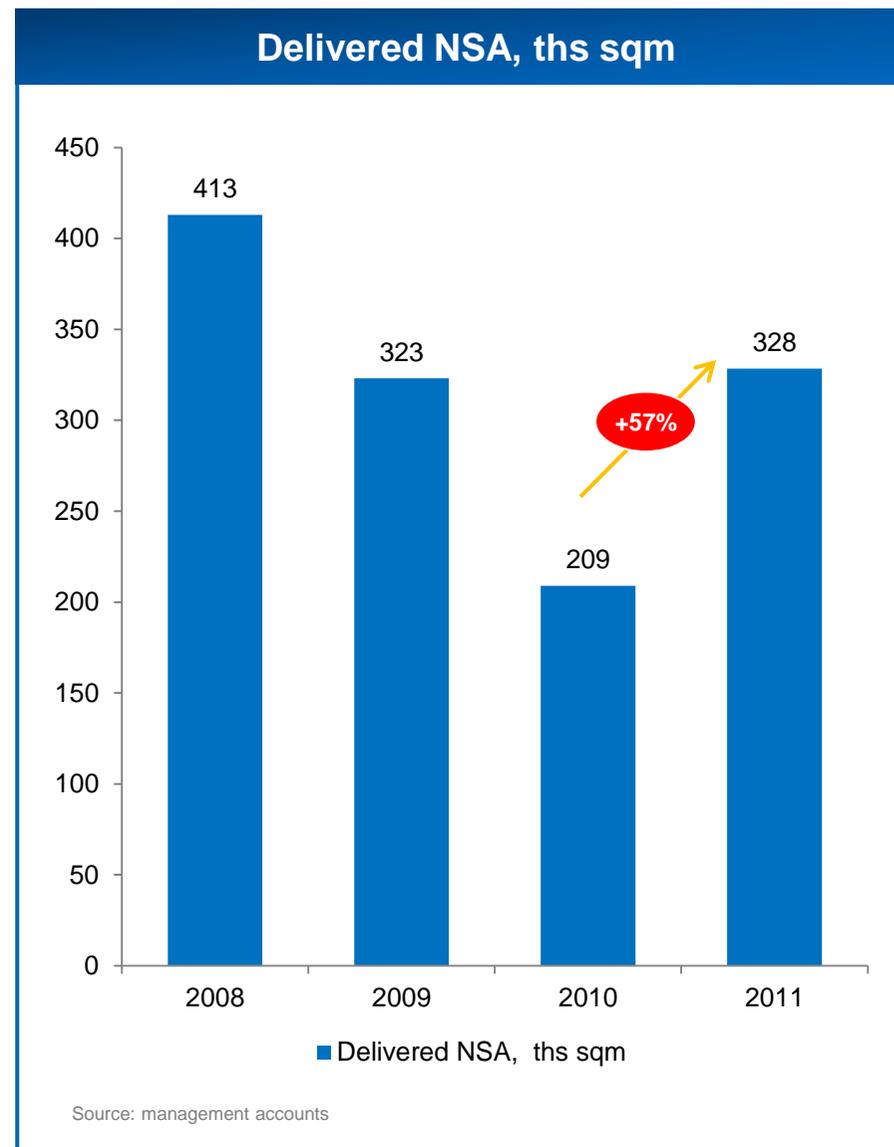
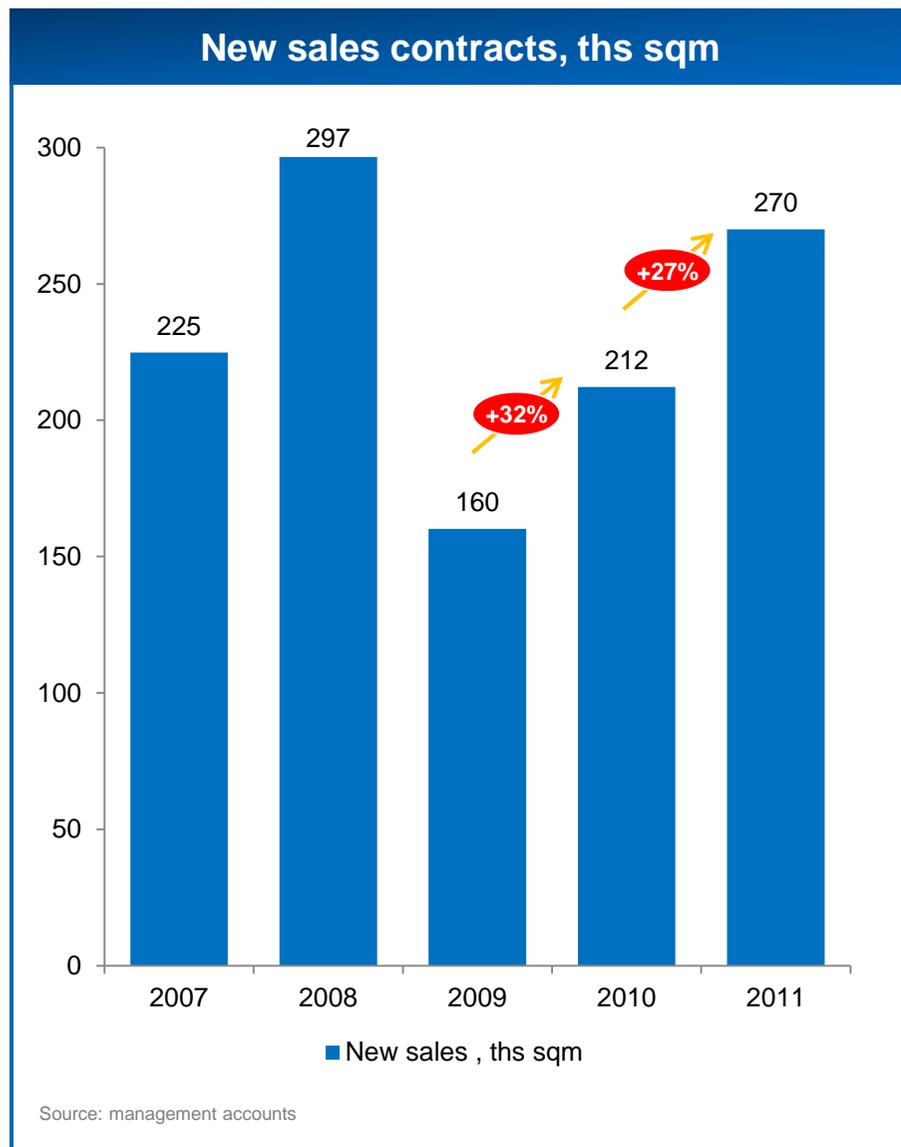




# 5.

**Looking back at  
2011:** Growing  
operations and  
key milestones

# New sales contracts and delivered NSA



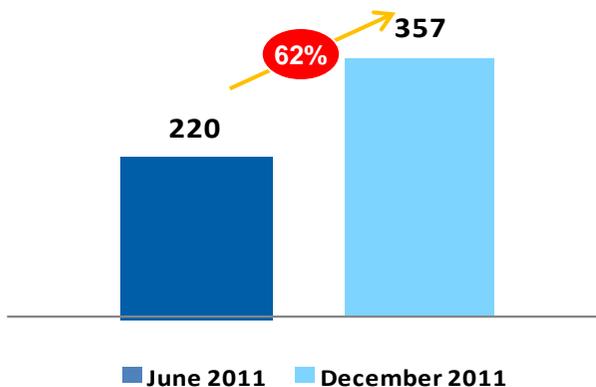
# New projects acquired

## Dmitrovskoe Shosse, Moscow

### Project description

- 10.3 ha land plot area; original NSA of 220 ths sqm upgraded to 357 ths sqm
- Project acquired in 2Q 2011
- The site borders Yahromsky passage to the north and Dmitrovskoye highway to the east, and can be accessed easily from either of these major transport routes
- The centre of Moscow can be reached by car in approximately 20 minutes
- Beskudnikovo railway station, Savelovskoe direction is just 1.5 km from the complex
- There are plans to build a metro station, Yubileinaya, adjacent to the site in the next few years, and there are also a number of bus stops situated within walking distance

### NSA Increase (ths sqm)



## Rechnoy, St. Petersburg

### Project description

- 2.1 ha land plot area; NSA of 108 ths sqm
- Project acquired in 3Q 2011
- The site is located in the south of the Nevsky district of St. Petersburg and borders Rybatsky Prospect and the Neva River
- The site is located approximately one kilometre from the Rybatskoe metro station and from a railway station of the same name. It is also within a two-kilometre proximity to the St. Petersburg ring road
- Construction is expected to start in 2012

### Concept

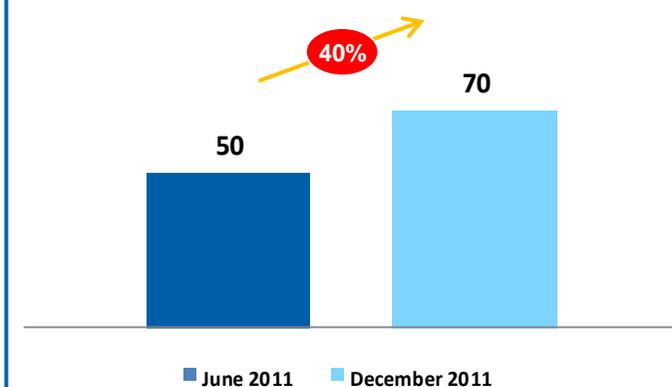


## Letniy, St. Petersburg

### Project description

- 2.1 ha land plot area; original NSA of 50 ths sqm upgraded to 70 ths sqm
- Project acquired in 2Q 2011
- The site is located in the south of the Moskovsky district of St. Petersburg, 2 km from Pulkovo Airport
- The site is close to the Pulkovskoe highway (which puts the centre of St Petersburg approximately 15 minutes away by car) and within a five minute walk of a number of bus stops
- The complex is within walking distance from shopping and entertainment zone which comprises the LETO Shopping Mall, O' KEY Supermarket, Castorama DIY, LENTA, Pulkovo III Shopping Mall & Entertainment Centre and a METRO Cash & Carry

### NSA Increase (ths sqm)



# Delivery of first stage in MMA (1/2)

**Status:** First stage of Emerald Hills project (Krasnogorsk, MMA) was delivered in December 2011

**NSA delivered:** 97.6 thousand sqm

**Construction period:** 2008-2011



# Delivery of the first stage in MMA (2/2)

**Status:** Land plot is prepared for further development, all infrastructure in place





## 6.

**Looking forward to 2012: Strong pipeline of projects**

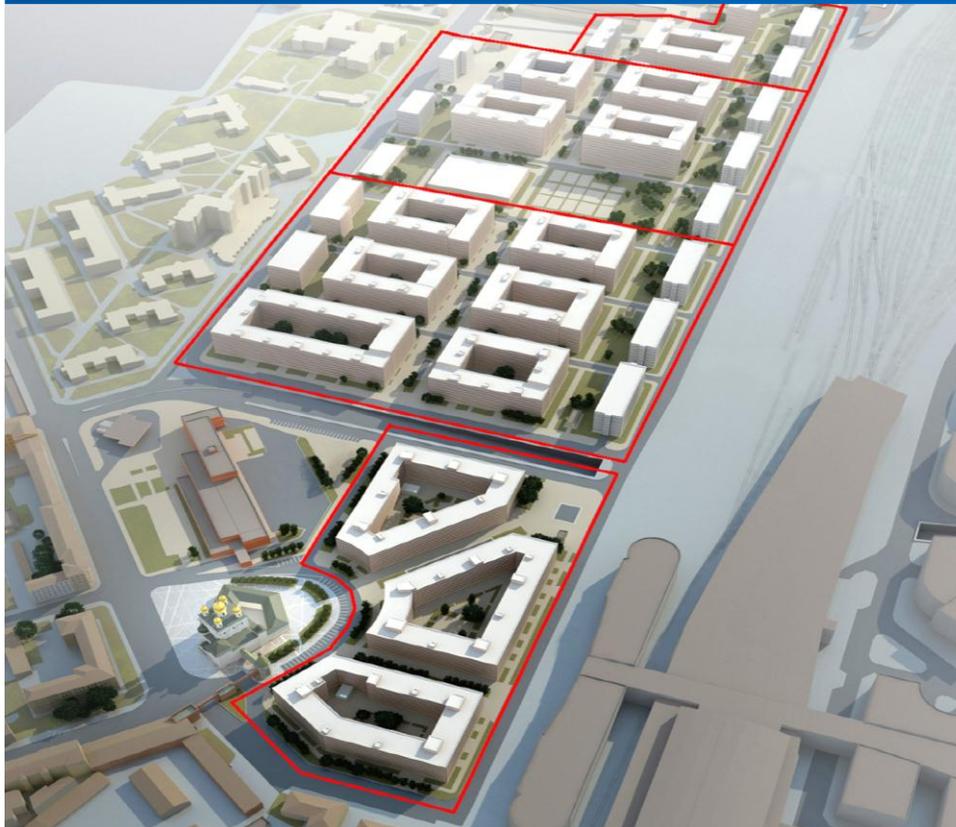
# Project launches in 2012 - 2013

Tsarskaya stolitsa, SPMA

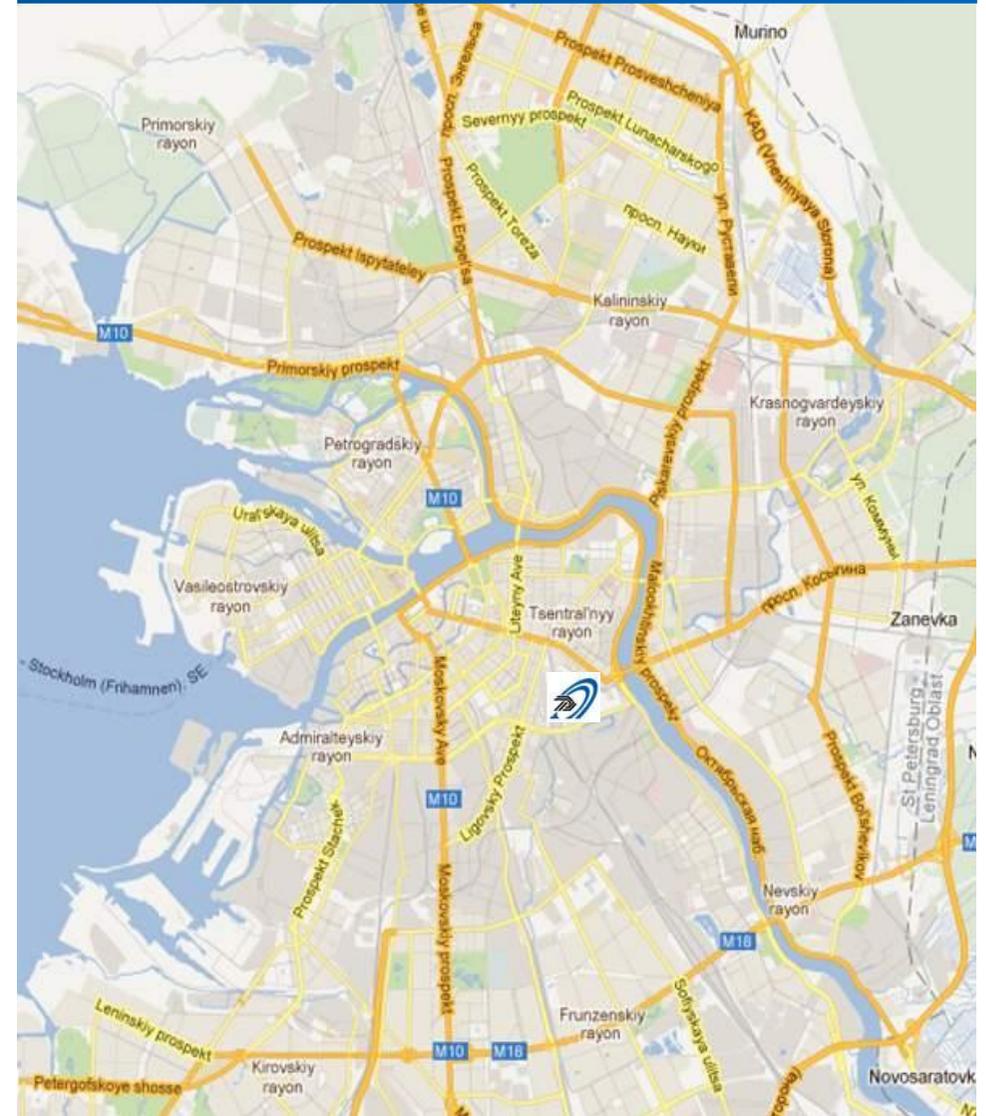
## Overview

- The development envisages a total site area of 20.8 hectares with a total net sellable area of 459,114 sqm.
- The site is located in the geographical center of St. Petersburg and has good transport accessibility, being 1 km from the Moskovskiy railway station (Moscow direction), close to Nevsky Prospekt, within walking distance from numerous shopping and entertainment centres.

## Concept



## Location







# Project launches in 2012 - 2013

Lastochkino gneздо, SPMA

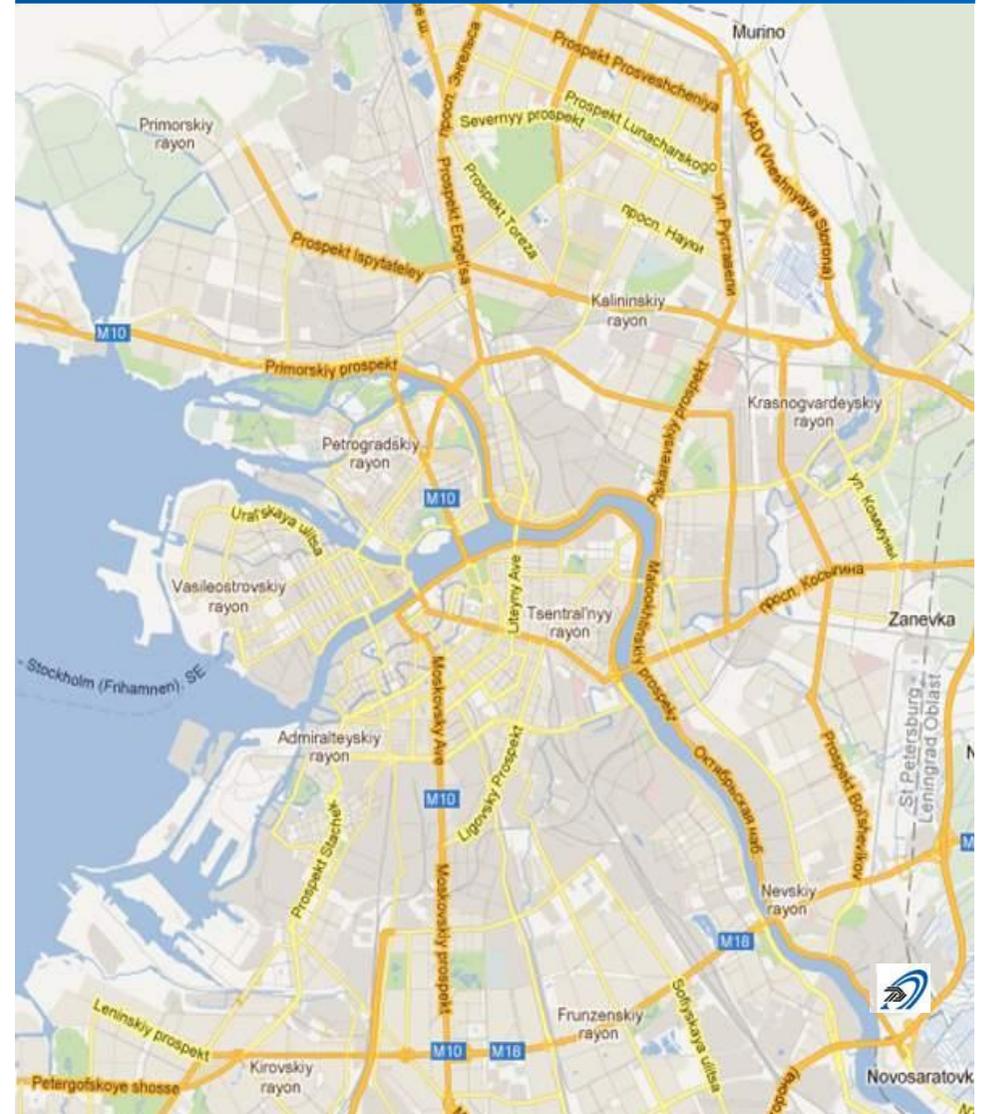
## Overview

- The development occupies a total site area of 13 hectares with a total net sellable area of 318,996 sqm.
- The property is located in the Nevsky District of St. Petersburg and has good transport accessibility, being just 500 m from Oktyabrskaya embankment – one of the most convenient traffic arteries (approximately 20 minutes by car to the centre of St. Petersburg) – and just 2 km to the KAD ring road. The nearest underground station, Proletarskaya, can be reached by public transport, which can be taken from a number of bus stops on the Oktyabrskaya Embankment.
- The development has good view of the Neva River.

## Concept



## Location



# Project launches in 2012 - 2013

Galant, SPMA

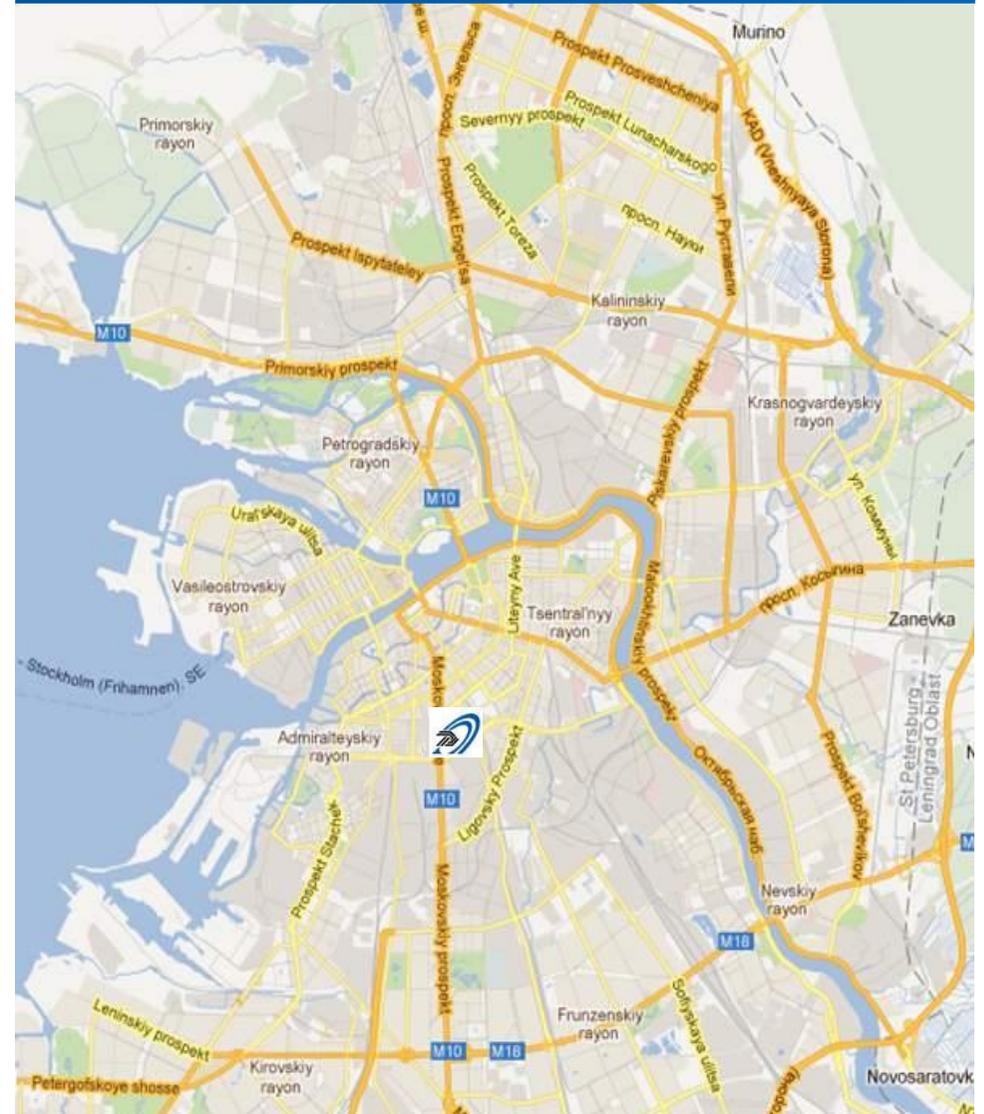
## Overview

- The development envisages a total site area of 1.84 hectares with a total net sellable area of 55,600 sqm.
- The site is located in the Moskovskiy District. The proximity of the Moskovskiy District to the city centre makes it a prestigious location for both living and business.
- The site is located on the second line of Moskovskiy prospect, which stretches from the south to the centre of the city and has good transport accessibility, meaning that it is possible to reach the centre of St. Petersburg by car in approximately 10 minutes during non-peak hours, and within a five minute walk of a number of bus stops. Frunzenskaya subway station within 5-7 minutes walk from the property. There is also free parking for cars along the street.

## Concept



## Location



# Project launches in 2012 - 2013

Rechnoy, SPMA

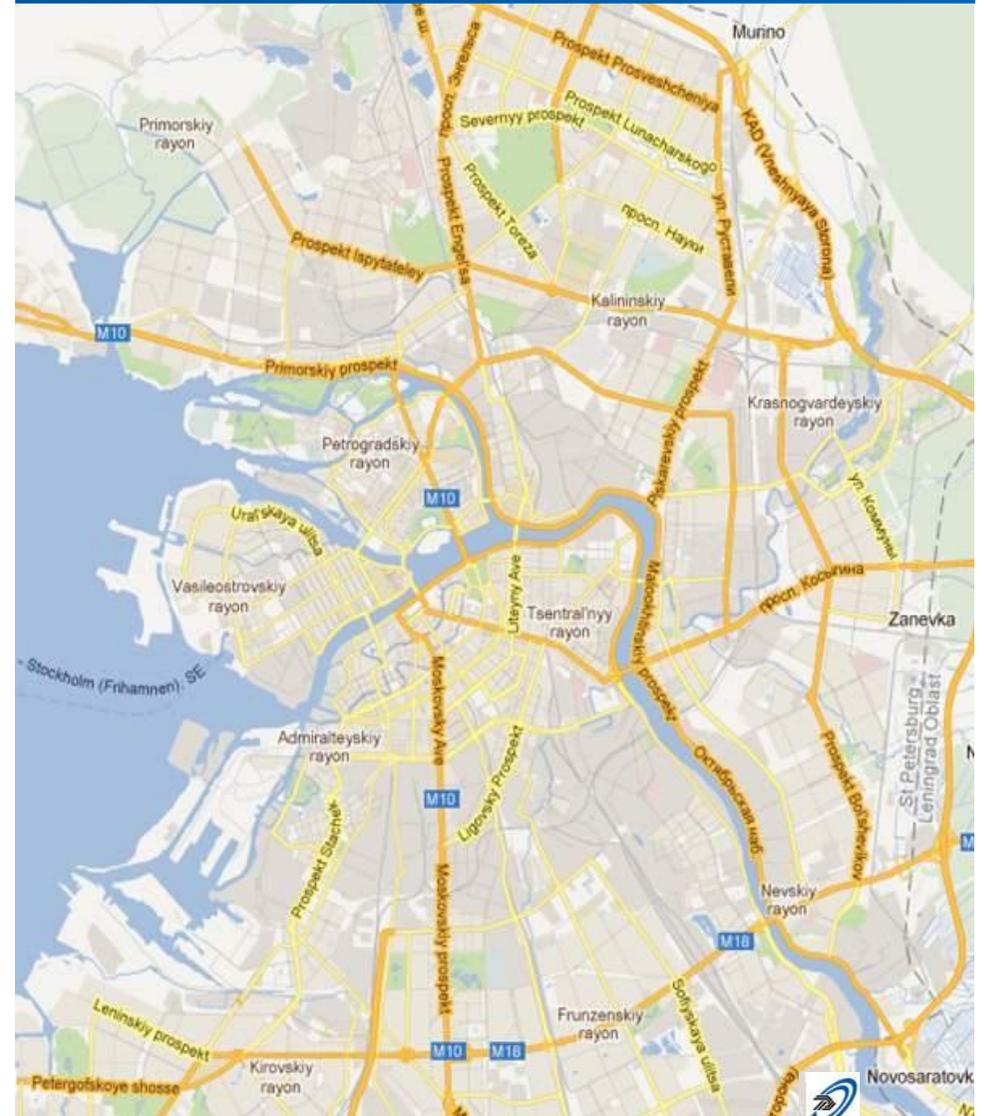
## Overview

- The development occupies a total site area of 2.16 hectares with a total net sellable area of 108,356 square meters
- The site is located in the Nevskiy District and just 2 km close to KAD ring road. It faces Rubatskiy prospect on one side and the Neva River on the other.
- The property can be directly accessed from Rubatskiy prospect. The nearest metro stations are Obukhovo and Proletarskaya, which are located 10 minutes away by transport.
- The future complex will offer residents an excellent view of the Neva river.

## Concept



## Location



# Project launches in 2012 - 2013

Molodejny, SPMA

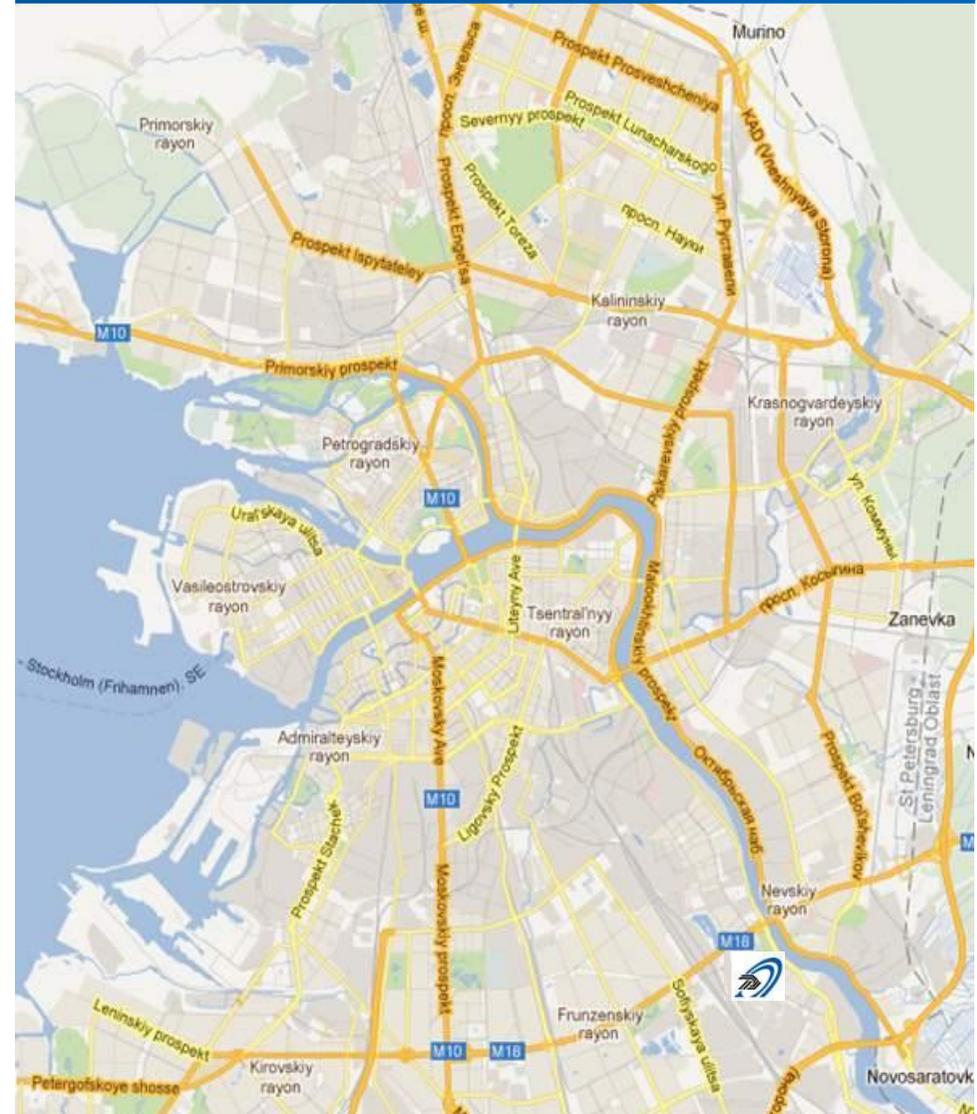
## Overview

- The development occupies a total site area of 3.63 hectares with a total net sellable area of 95,511 sqm
- The Property is located in the Nevsky District of St. Petersburg close to the KAD ring road and has good transport accessibility, meaning that it is possible to reach the centre of St. Petersburg by car in approximately 15 minutes. The nearest metro station is Proletarskaya, which is a 5-minute walk from the property. Public transport to the central part of the city can also be taken from a number of bus stops within walking distance of the site.
- The future residential complex will offer residents an excellent view of the Neva river.

## Concept



## Location



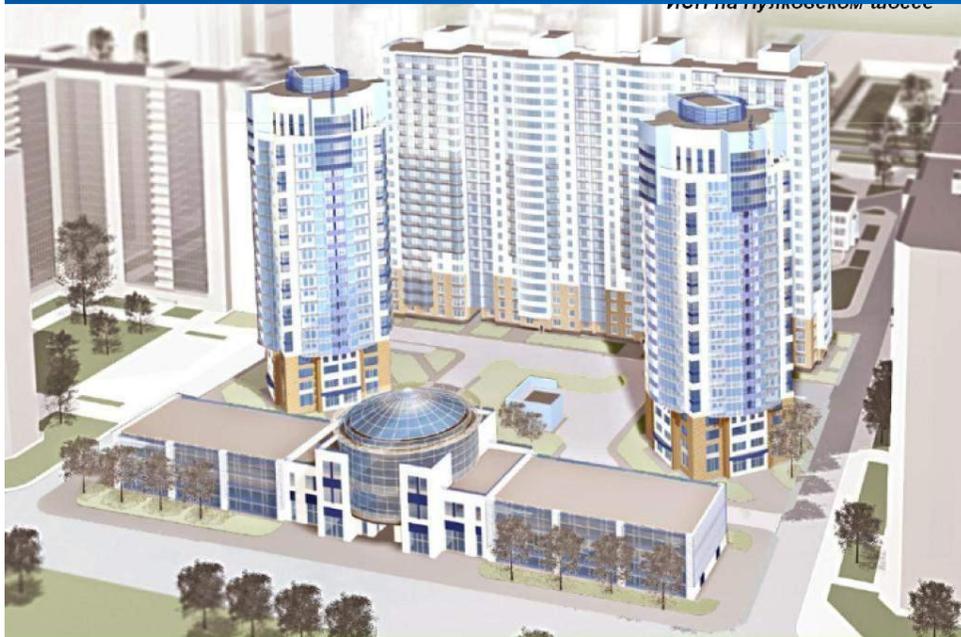
# Project launches in 2012 - 2013

Letniy, SPMA

## Overview

- The development occupies a total site area of 2.1 hectares with a total net sellable area of 70,605 sqm
- The site is located in the south of the Moskovsky district of St Petersburg and has good transport accessibility, being 2 km from Pulkovo Airport and 1 km from the airport railway station, close to the Pulkovskoe highway (which puts the centre of St Petersburg approximately 15 minutes away by car) and within a five minute walk of a number of bus stops.
- In addition, the complex is within walking distance from the modern Pulkovo shopping and entertainment zone which comprises the LETO Shopping Mall, O' KEY hypermarket, Castorama DIY, LENTA, Pulkovo III Shopping Mall & Entertainment Centre and a METRO Cash & Carry.

## Concept



## Location



# Project launches in 2012 - 2013

Etalon City, MMA

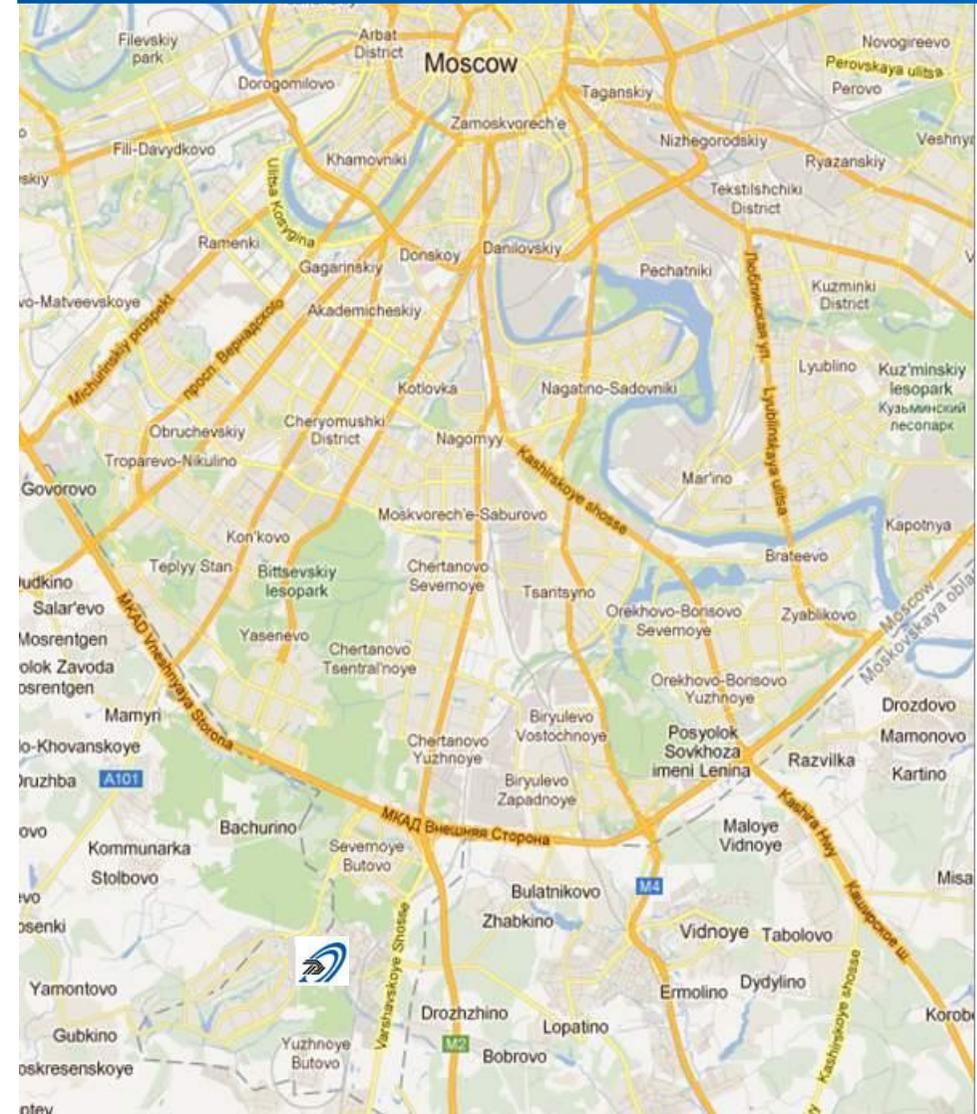
## Overview

- The development occupies a total site area of 11.24 hectares with a total net sellable area of 381,316 sqm.
- The site intended for a residential development is located in the South Butovo sub-district of the South-Western Administrative District (SWAD) of Moscow which is a well-developed residential district of Moscow that benefits from good ecological conditions.
- It has good transport accessibility meaning that it is possible to reach the centre of Moscow by car in approximately 25 minutes, in non-peak hours
- There is Ulitsa Skobelevskaya subway station and a number of bus stops situated within walking distance.

## Concept



## Location



# Project launches in 2012 - 2013

Dmitrovskoe highway, MMA

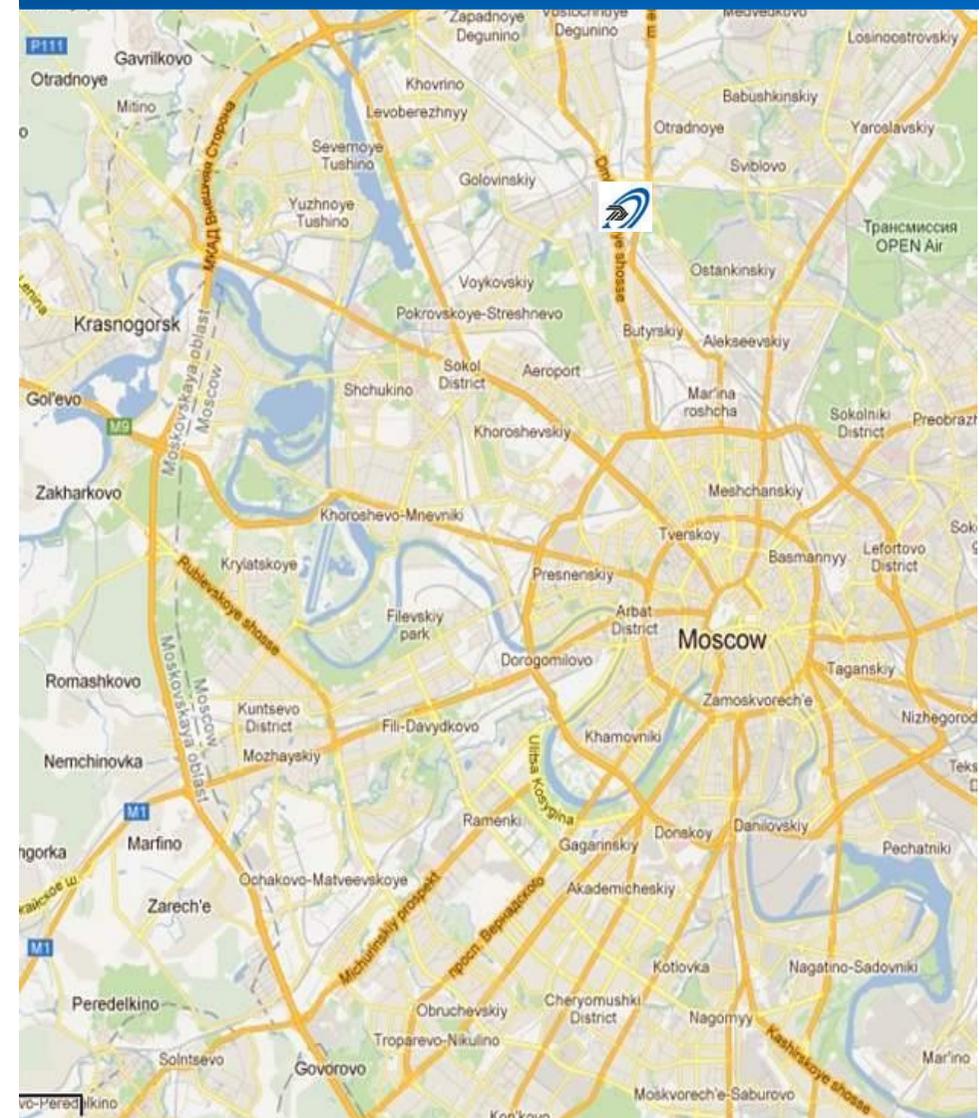
## Overview

- The development envisages a total site area of 10.34 hectares with a total net sellable area of 357,172 square metres.
- The site borders Yahromsky passage to the north and Dmitrovskoye highway to the east, and can be accessed easily from either of these major transport routes, meaning that it is possible to reach the centre of Moscow by car in approximately 20 minutes in non-peak hours.
- Beskudnikovo railway station, is just 1.5 km from the complex, providing easy access to the centre of Moscow. In addition, the complex is situated in a pleasant environment, close to Dmitrovsky Park, VISKHOM Park and Veteran Theme Park.
- There are plans to build a metro station, Yubileinaya, adjacent to the site, and there are also a number of bus stops situated within walking distance.

## Concept



## Location



# Clear path for continued business growth

## We intend to....

- Focus on Moscow and St. Petersburg Metropolitan Areas
- Focus on our key product and client
- Focus on economics of current projects
- Focus on launching sales and starting construction on acquired projects
- Finalize acquisitions currently in process
- Further strengthen management team and implement 5D project management approach

# Key takeaways

## Solid financial results in 2011

- In 2011 we demonstrated exceptional financial performance with revenue, EBITDA and net income growth of 16%, 23% and 64% respectively, significantly exceeding our own expectations
- We increased our EBITDA margin to 36%, which is another demonstration of our ability to extract value from our landbank. This underscores the unique DNA of the Etalon Group offering - our robust vertically integrated platform, nationwide sales network and strong reputation

## Strong operational growth in 2011 and positive outlook for 2012

- In 2011 we delivered our first c.100 thousand square meters in the Moscow Metropolitan Area (MMA) and increased the total share of MMA projects in our portfolio to 45%
- We have increased delivery volumes by 57% yet remain significantly below capacity
- Before the crisis, in 1H 2008, we contracted 218 thousand sqm. (up to 440 thousand sqm. on an annualized basis) in St. Petersburg alone. In 2011 we contracted 270 thousand sqm. in both SPMA and MMA, demonstrating 27% y-o-y growth, yet still below pre-crisis levels in SPMA and potential levels in MMA
- 2012 is off to a strong start and we believe that the recovery will develop further, supporting cash collections and new contract sales. We have every reason to view 2012 and 2013 with confidence, as we plan to launch sales on a total of 10 of the unique projects that we have been fortunate to acquire in both Moscow and St. Petersburg

## New acquisitions to secure expansion through 2019

- We are at the final stages of acquiring a number of new projects both in Moscow and St. Petersburg that will further secure expansion of Etalon operations for the period of 2015-2019
- Our construction program for 2012 – 2014 remains unchanged and we are fully landbank sufficient for 2014-2015

## Uniquely positioned for further expansion

- Our balanced debt maturity profile, solid track record and \$490 million of expansion capital will enable us to continue to acquire high quality projects and provide a perfect growth platform for the years to come.

# Etalon in space



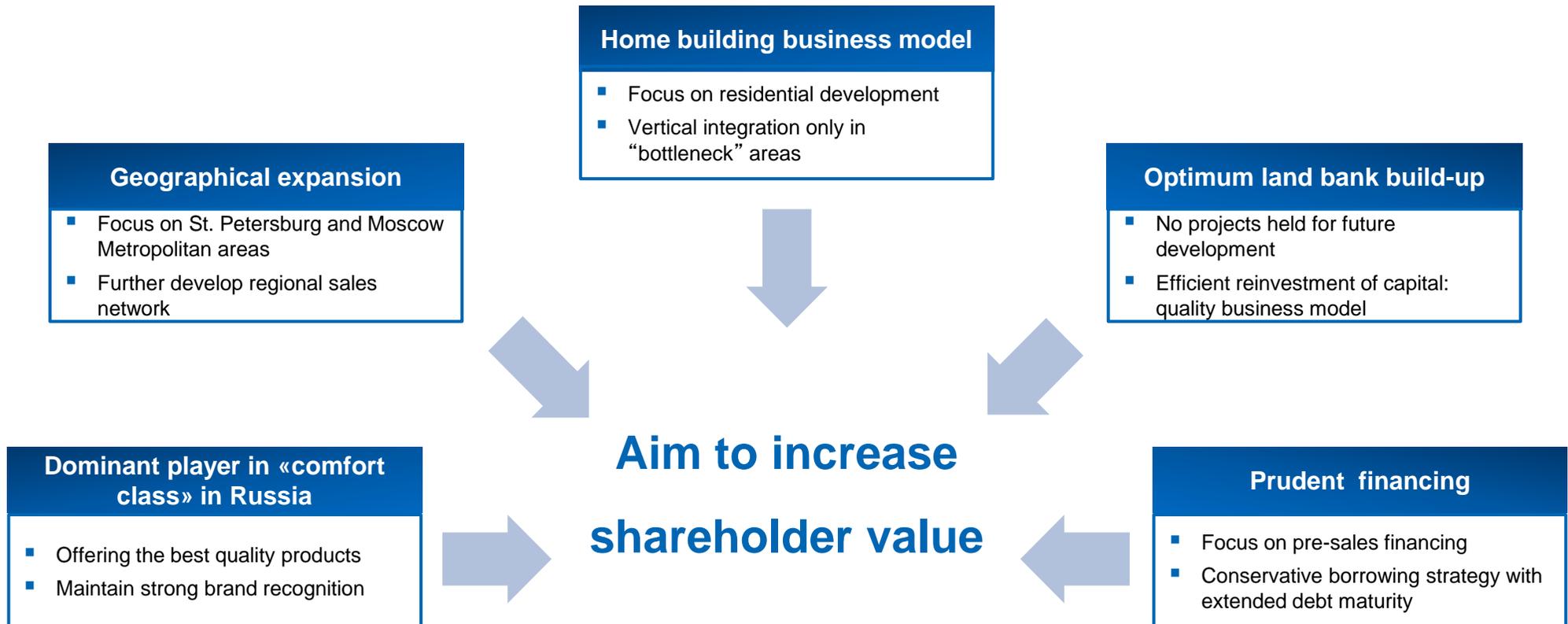
On 11 November 2011 Etalon celebrated the return of the Company flag from the International Space Station. Etalon President Vyacheslav Zarenkov received the flag from Russian Cosmonaut Andrey Borisenko. The Etalon flag was on the space station from 7 April to 16 September 2011.

# A management team that can deliver

Our team of experienced professionals has the strength and the depth to deliver on our ambitious plans



# Clear strategy intended to crystallize value for shareholders



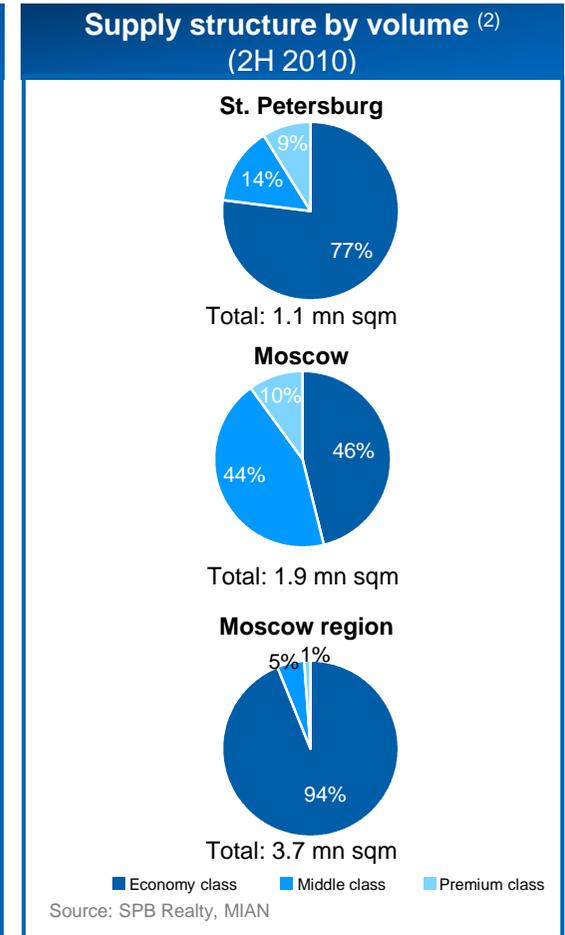
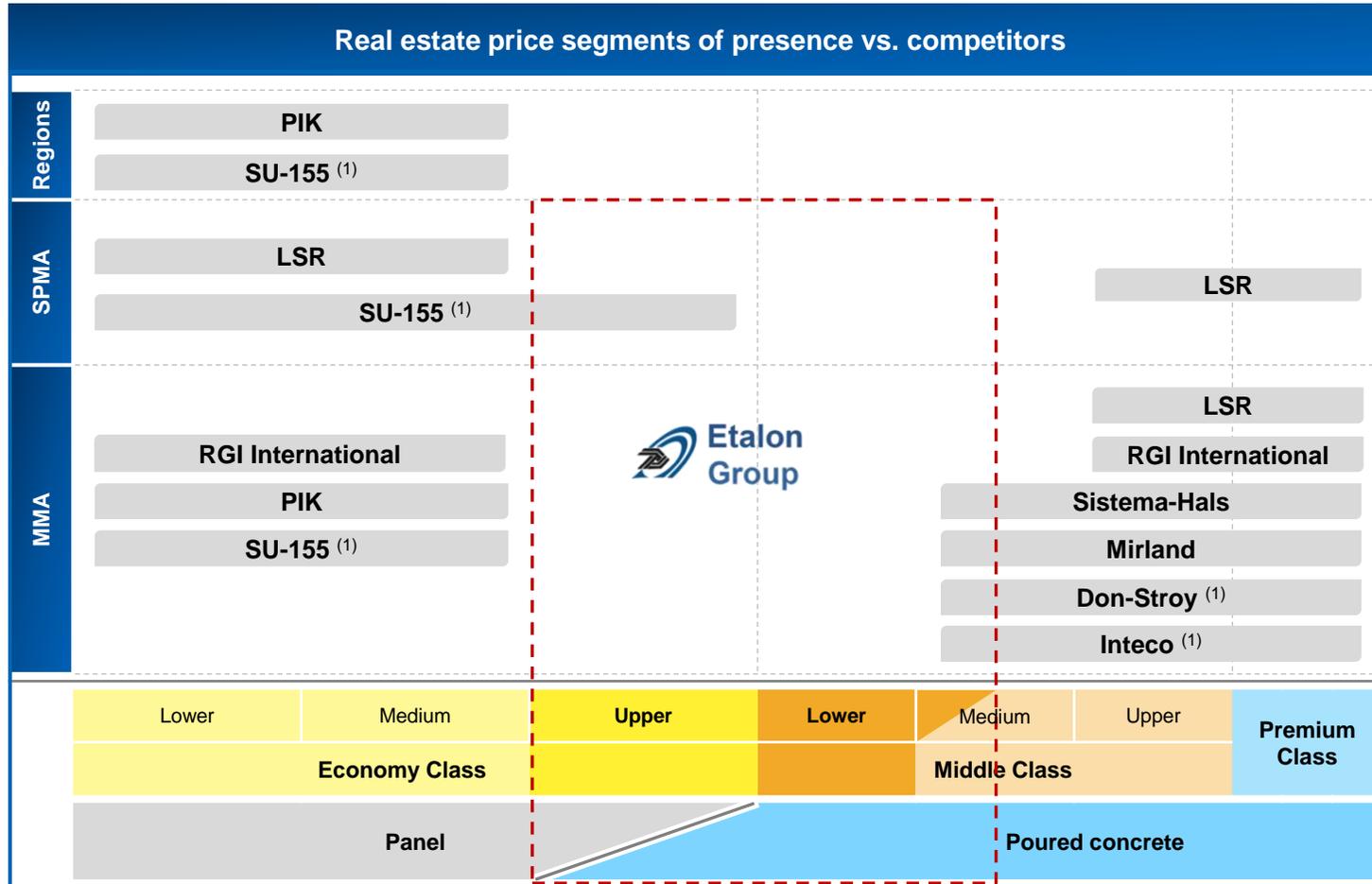


# 7.

Appendix

# Unique price, product and market combination

Etalon Group is attractively positioned in high quality, yet affordable real estate segment



- Etalon Group is positioned in Upper Economy Class and Lower Middle Class – market segment with fewer number of competitors
- Economy Class and Middle Class price segments dominate both SPMA and MMA real estate markets, with marginal share of premium class
- Competitive pricing combined with upscale poured concrete technology is able to target a very wide universe of customers

(1) Non-public peers

(2) Based on the total area of residential apartments available for sale on primary market at the end of 2H 2010

# Nationwide sales & marketing network supports sustainable contracting

## Powerful sales network across the country

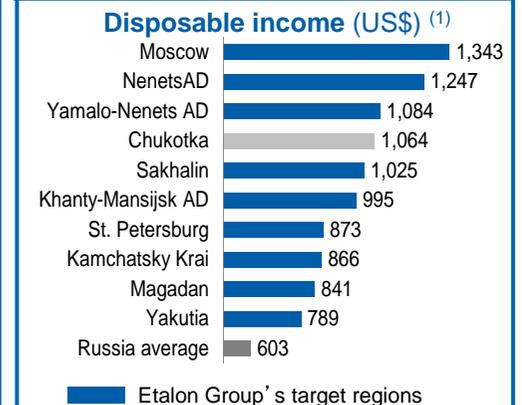
Regional population actively buys apartments in Moscow and St. Petersburg



## Etalon Group's regional sales geography (2010) <sup>(2)</sup>

Region	Share in sales
Leningrad region	3.9%
Khanty-Mansijsk AD	3.2%
Yamalo-Nenets AD	2.0%
Kamchatsky Krai	1.9%
Sakhalin region	1.2%
Magadan region	0.9%
Yakutia	0.6%
Nenets AD	0.2%
Other Russian regions	9.9%
Foreigners	0.6%
<b>Total:</b>	<b>28.5%</b>

## The Group's flats are sold in 9 out of 10 richest Russian regions

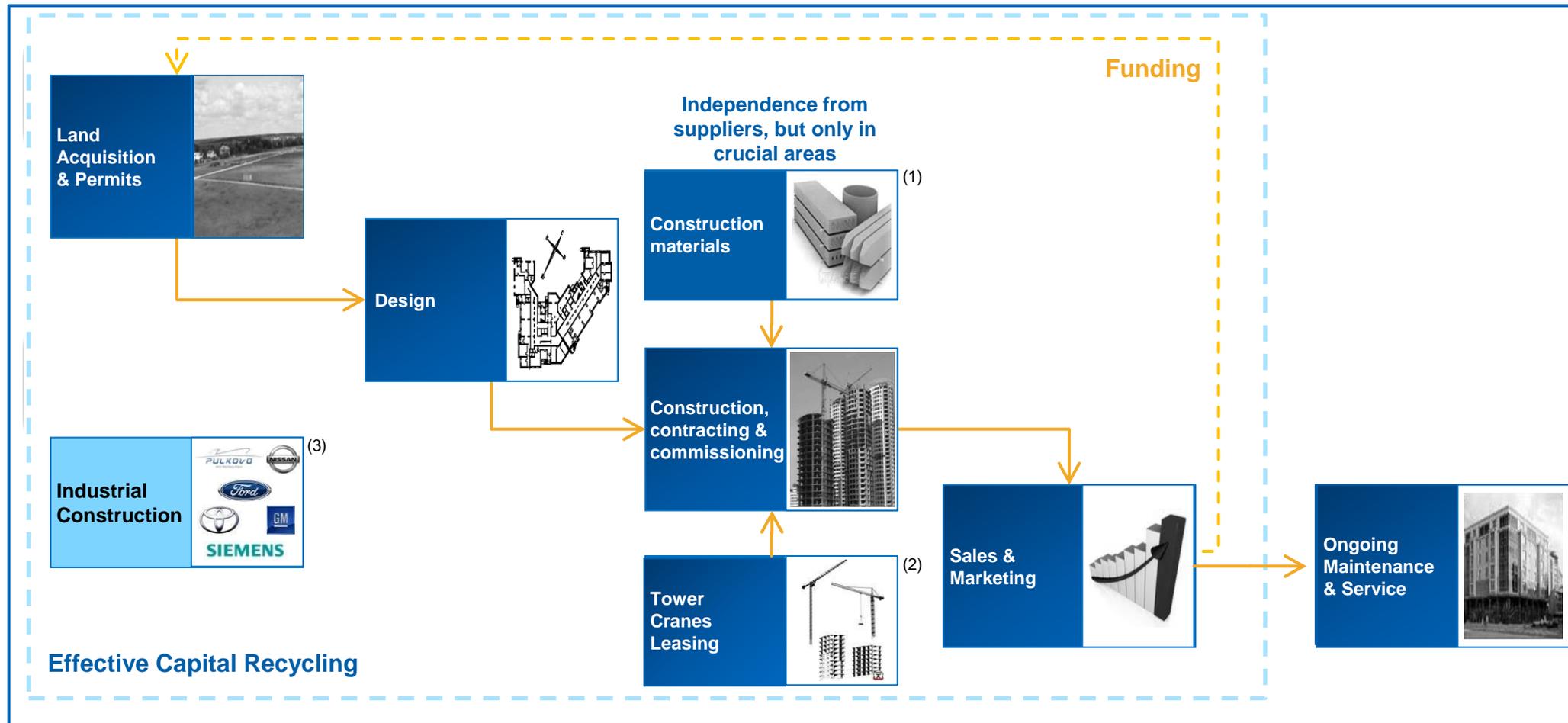


- Etalon Group sales force is focused on the regions with the largest disposable income
- Key markets: **SPMA and MMA**
- 30 cities covered** with 10 sales offices in St. Petersburg and 10 sales offices nationwide
- External professional marketing and sales service agents engaged nationwide

(1) Average monthly disposable income, Rosstat data as of 3Q 2010; RUR values were converted into US\$ at official CBR average exchange rate in 3Q 2010 (30.62 RUR/US\$);  
 (2) Source: management accounts

# Strategic vertical integration: control over costs, quality and timing

Etalon Group operates in every part of property development process



- Control over costs, quality & timely delivery of the projects

- Business stability and lower risk of counterparties' dependence

- Understanding of customer needs (sales network throughout the country)

(1) Brick plant and concrete products plant. Own production only for "bottleneck" construction materials  
 (2) 38 Liebherr tower cranes (of which 37 were manufactured in 2006-2008). Data as of 31.12.2010  
 (3) Construction to third parties

# Board of Directors represents interests of all investor groups

Founders



## Viacheslav Zarenkov

*Chairman of the Board of Directors, Founding shareholder and President of Etalon Group*

### Experience and awards

- 43 years of experience in construction industry
- Honored builder of Russia <sup>(1)</sup>

### Education

- Institute of Civil Engineering and SPb University of the Internal Affairs
- PhD in Economics, PhD in Technical Sciences, PHD in Architecture, Professor



## Dmitri Zarenkov

*First Vice-President of Etalon Group*

### Experience and awards

- 16 years of experience in construction industry
- Honored builder of Russia (1); Certificate of Honour of the Ministry of Regional Development

### Education

- Institute of Aeronautical Instrumentation, SPb University of Architecture & Civil Engineering and SPb University of Internal Affairs
- PhD in Engineering

Non-Executive Directors



## Michael John Calvey

*Senior partner at Baring Vostok since 1999*

### Experience and awards

- Member of the board of Europlan, Volga Gas, Gallery Media Group, etc.
- Worked at EBRD, Salomon Brothers, Sovlink Corporation
- Ex-Member of the board of CTC Media, Golden Telecom, Burren Energy

### Education

- University of Oklahoma and London School of Economics



## Alexey Kalinin

*Senior partner at Baring Vostok*

### Experience and awards

- With Baring Vostok since 1999
- Worked at Alfabank and Alfa Capital
- Chairman of the Board of Directors at Volga Gas, member of the board of directors at Samarenergo and two Russian glass companies

### Education

- Moscow Power Engineering University
- PhD in Engineering



## Martin Cocker

*INED at Etalon Group*

### Experience and awards

- 16 years of experience in audit, 3 years - in construction industry
- Runs his own development business in Portugal
- Worked at Deloitte & Touche, KPMG and Ernst & Young in Russia, Kazakhstan and UK

### Education

- University of Keele



## Peter Touzeau

*Client Director at International Private Equity Services (Guernsey) Limited*

### Experience and awards

- Director of the General Partners Boards of a number of Guernsey private equity funds
- Director of the Board of the Investment Advisor to the funds investing in Russia, board member of a number of their portfolio companies
- Worked at Sedgwick Management Services (Guernsey) Limited, Marsh Management Services (Guernsey) Limited

### Education

- Oatlands College



## Anton Poriadine

*INED at Etalon Group*

### Experience and awards

- 10 years of experience in strategy consulting at A.T. Kearney. Partner and Vice President at A.T. Kearney
- Previously project manager at Barents International Markets B.V., Corporate Development and Project Finance Director at Torno Internazionale S.p.A., deputy General Manager of St. Petersburg Foundation for Enterprise Development

### Education

- St. Petersburg Technical University and Business School at the University of Rochester

Executive Directors



## Alexander Shkuratov

*Head of strategy and business development of Etalon Group*

### Experience and awards

- 6 years of experience in construction industry
- Worked at Baring Vostok, Carlyle Group, E&Y, Deloitte

### Education

- Finance Academy under the Government of Russia



## Anton Evdokimov

*CFO of Etalon Group*

### Experience and awards

- 26 years of experience in construction industry
- Certificate of Honour of the Ministry of Regional Development of Russia

### Education

- Leningrad Engineering Construction Institute, SPb State University and International Banking Institute, MBA



## Dmitri Boulkhovkov

*Head of investments of Etalon Group*

### Experience and awards

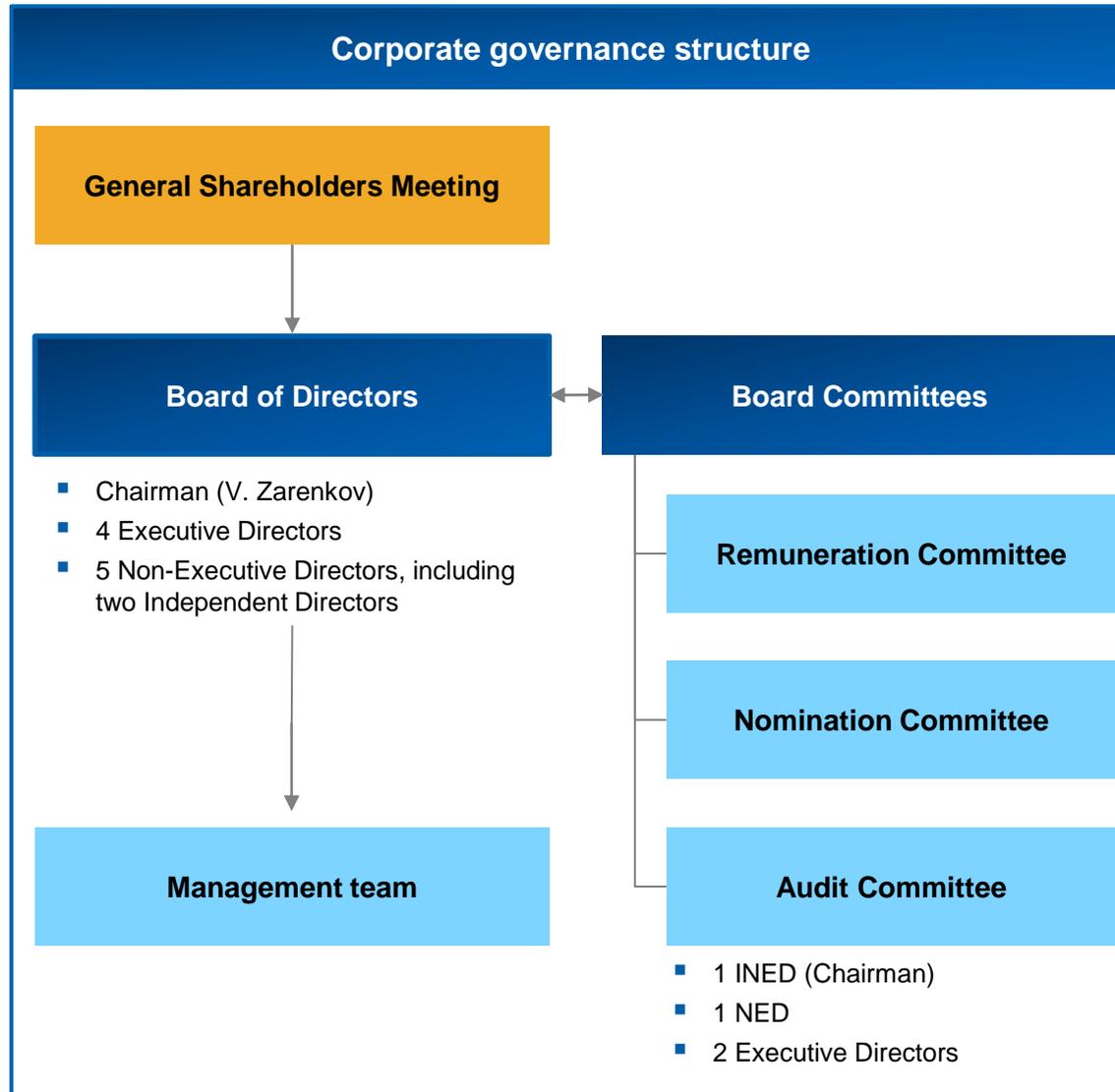
- 6 years of experience in construction industry
- Worked at Renaissance Group, Carlyle Group, Deloitte, E&Y

### Education

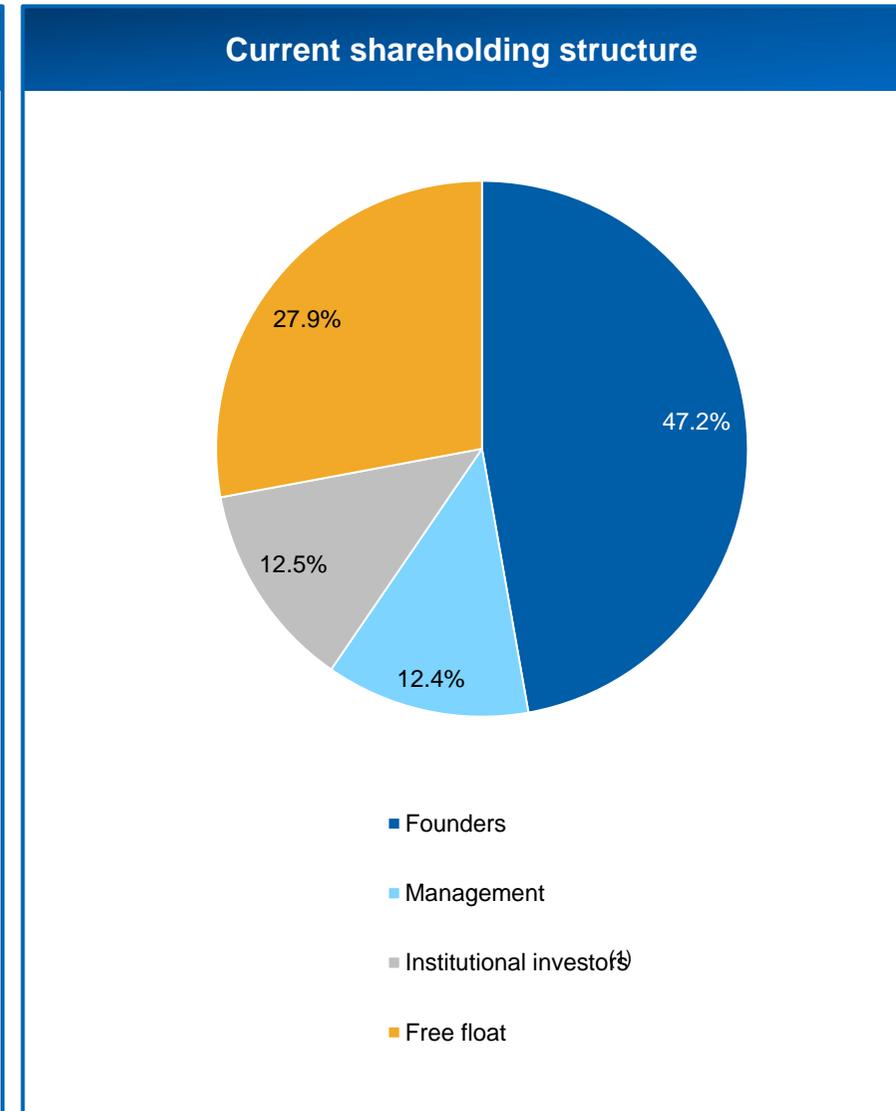
- Moscow State University named after Lomonosov

(1) Title granted by President of Russia

# Strong corporate governance and cornerstone international investor



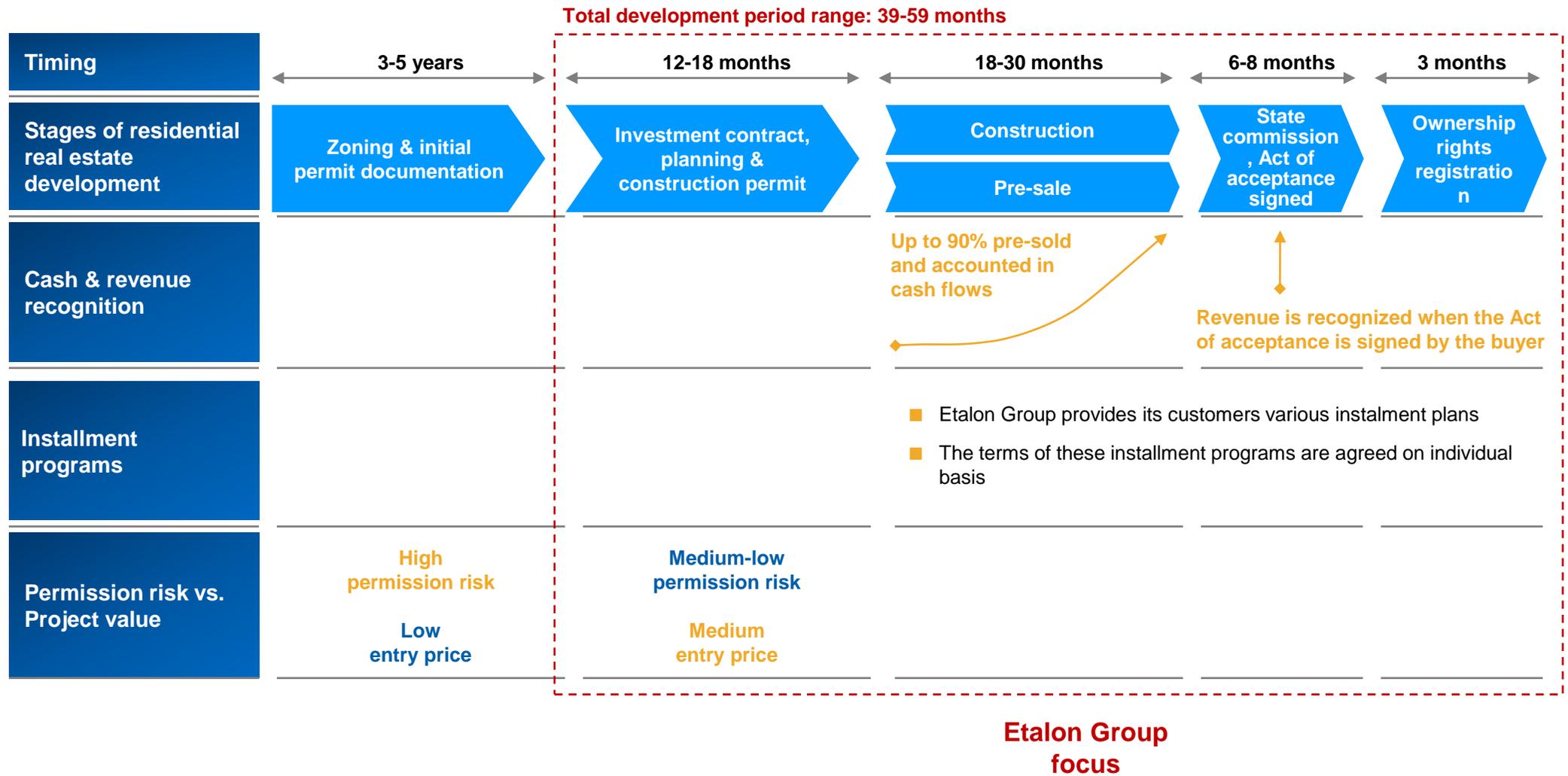
Source: Company data



As of 15 April 2011

(1) includes Baring Vostok

# Revenue recognition scheme



Source: Company data

# Industrial construction

## Description

- Etalon Group is a leader in industrial construction in the North-West region of Russia with superb track record throughout its history

## Track-record

- We have contributed to 15 milestone projects
- heat & power station, two hotels, four car assembly plants, shipyards, machinery plant, fitness and sports center etc.

## Strategy

- 12 projects under way
- Etalon Group plans to continue developing its industrial construction operations and maintain its share in total business

## Diversification benefits

- Ability and expertise to provide quality construction services to well-known international and local companies facilitates Group's brand development
- Allows to maintain skilled work force during market downturn

Source: Company data

## Selected industrial projects completed by Etalon Group



Poling and gridding



Design & construction (increase of production capacities)



Poling & road infrastructure construction



Infrastructure & site for the finished good

### Admiralty shipyards



Construction of workshop & transportation utilities

### Pulkovo customs



Full construction cycle

### Satellite Antennas Production Plant



Turn-key project, which involved design and construction of an industrial building

### North-West Heat & Power Station



Foundation construction for a cooling tower and main building

### Almazov Medical Complex



Renovation of the existing building and building up two additional floors

# Income statement

<i>mn USD</i>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Revenue</b>	<b>573.7</b>	<b>635.6</b>	<b>668.7</b>	<b>773.8</b>
Cost of sales	(368.4)	(347.0)	(364.6)	(404.5)
<b>Gross profit</b>	<b>205.4</b>	<b>288.6</b>	<b>304.1</b>	<b>369.3</b>
General and administrative expenses	(62.0)	(45.3)	(67.4)	(79.2)
Selling expenses	(18.1)	(4.1)	(19.4)	(29.1)
Other expenses, net	(6.0)	(6.2)	(5.8)	(0.9)
<b>Results from operating activities</b>	<b>119.3</b>	<b>233.0</b>	<b>211.5</b>	<b>260.1</b>
Finance income	7.0	7.1	9.3	49.0
Finance costs	(50.5)	(33.0)	(22.0)	(2.0)
<b>Net finance costs</b>	<b>(43.5)</b>	<b>(25.9)</b>	<b>(12.6)</b>	<b>47.0</b>
Share of profit of equity accounted investees (net of income tax)	0.2	0.1	0.0	0.0
<b>Profit before income tax</b>	<b>75.9</b>	<b>207.1</b>	<b>198.9</b>	<b>307.1</b>
Income tax expense	(28.7)	(45.1)	(44.6)	(53.9)
<b>Profit for the period</b>	<b>47.2</b>	<b>162.0</b>	<b>154.3</b>	<b>253.1</b>
Profit attributable to:				
Owners of the Company	31.2	155.4	152.3	249.5
Non controlling interest	16.0	6.6	1.9	3.7
<b>Profit for the period</b>	<b>47.2</b>	<b>162.0</b>	<b>154.3</b>	<b>253.1</b>

Source: audited consolidated IFRS accounts for 2008, 2009, 2010, 2011

# Balance sheet

<i>mn USD</i>	01/01/2008	2008	2009	2010	2011
<b>ASSETS</b>					
<b>Non-current assets</b>					
PP&E	36.2	38.2	55.0	54.5	62.4
Other long-term investments	2.5	2.7	1.1	1.3	2.7
Trade and other receivables	20.3	20.2	26.7	29.7	17.1
Deferred tax assets	42.9	40.4	36.9	8.6	21.1
Other non-current assets	4.4	1.2	0.1	1.1	2.9
<b>Total non-current assets</b>	<b>106.4</b>	<b>102.7</b>	<b>119.7</b>	<b>95.1</b>	<b>106.2</b>
<b>Current assets</b>					
Inventories	636.9	996.2	883.5	841.6	995.2
Trade and other receivables	94.5	112.2	128.2	130.1	232.1
Short-term investments	0.8	1.1	0.9	11.2	41.2
Cash and cash equivalents	37.4	80.9	113.0	119.3	449.8
Other current assets	0.5	0.2	0.8	1.9	1.1
<b>Total current assets</b>	<b>770.1</b>	<b>1,190.7</b>	<b>1,126.4</b>	<b>1,104.0</b>	<b>1,719.4</b>
<b>Total assets</b>	<b>876.5</b>	<b>1,293.4</b>	<b>1,246.1</b>	<b>1,199.1</b>	<b>1,825.6</b>

<i>mn USD</i>	01/01/2008	2008	2009	2010	2011
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	0.04	0.03	0.03	0.03	0.03
Share premium	0	66.4	64.5	64.0	479.4
Reserve for own shares	0	0	0	0	(14)
Retained earnings	(16.9)	13.5	176.1	333.2	549.8
<b>Total equity attributable to equity holders of the Company</b>	<b>(16.9)</b>	<b>80.0</b>	<b>240.6</b>	<b>397.3</b>	<b>1,015.0</b>
Non-controlling interest	11.0	20.2	25.6	15.1	11.6
<b>Total equity</b>	<b>(5.9)</b>	<b>100.1</b>	<b>266.2</b>	<b>412.3</b>	<b>1,026.6</b>
<b>Non-current liabilities</b>					
Long-term debt	190.5	63.5	85.1	219.9	262.6
Long-term trade and other payables	2.6	1.8	12.6	8.6	1.5
Provisions	2.9	2.6	2.7	2.7	2.4
Deferred tax liabilities	4.1	9.5	27.8	1.3	3.0
<b>Total non-current liabilities</b>	<b>200.2</b>	<b>77.5</b>	<b>128.2</b>	<b>232.4</b>	<b>269.5</b>
<b>Current liabilities</b>					
Loans and borrowings	76.0	165.7	108.2	46.7	60.6
Trade and other payables	593.4	898.7	679.8	468.6	420.5
Provisions	12.8	51.4	63.6	39.0	48.4
<b>Total current liabilities</b>	<b>682.2</b>	<b>1,115.8</b>	<b>851.6</b>	<b>554.4</b>	<b>529.5</b>
<b>Total equity and liabilities</b>	<b>876.5</b>	<b>1,293.4</b>	<b>1,246.1</b>	<b>1,199.1</b>	<b>1,825.6</b>

Source: audited consolidated IFRS accounts for 2008, 2009, 2010, 2011

# Cashflow statement

<i>mn USD</i>	2008	2009	2010	2011
OPERATING ACTIVITIES:				
<b>Profit for the year</b>	47.2	162.0	154.3	253.1
<i>Adjustments for:</i>				
Depreciation and amortisation	7.7	6.5	9.4	9.0
(Gain)/loss on disposal of PP&E	0.2	(2.0)	(0.0)	(3.1)
Loss on disposal of subsidiaries	0	0	0.2	0.0
Share of profit on equity accounted investees	(0.2)	(0.1)	0.0	0.0
Gain (loss) on disposal of other investments	0.0	0.0	0.0	(0.8)
Finance cost, net	44.9	24.3	16.1	(48.5)
Impairment losses on loans given	2.0	2.4	0.0	0.0
Income tax expense	28.7	45.1	44.6	53.9
<b>Cash from operating activities before changes in working capital</b>	<b>130.6</b>	<b>238.2</b>	<b>224.6</b>	<b>263.7</b>
Change in inventories	(530.0)	81.6	50.0	(180.6)
Change in accounts receivable	(42.7)	(26.0)	(6.6)	(98.4)
Change in accounts payable	476.3	(196.2)	(219.2)	(27.8)
Change in provisions	48.2	13.2	(24.2)	12.5
Change in other current assets	0.0	(0.5)	(1.1)	0.8
Income tax paid	(27.6)	(15.9)	(35.6)	(64.5)
Interest paid	(28.4)	(26.0)	(26.8)	(37.4)
<b>Net cash provided by operating activities</b>	<b>26.5</b>	<b>68.6</b>	<b>(39.0)</b>	<b>(131.8)</b>

<i>mn USD</i>	2008	2009	2010	2011
INVESTING ACTIVITIES:				
Proceeds from disposal of non-current assets	1.9	3.4	1.0	4.0
Interest received	3.5	6.3	3.1	4.8
Acquisition of PP&E	(17.9)	(7.0)	(10.8)	(24.7)
Loans given	(3.4)	(8.4)	(3.5)	(8.6)
Loans repaid	0.7	0.2	2.0	8.0
Acquisition of subsidiaries, net of cash acquired	0.0	0.5	0.3	0.0
Disposal of subsidiaries, net of cash disposed of	0.0	0.0	(1.2)	(0.6)
Acquisition of other investments	0.0	0.0	(9.1)	(34.9)
<b>Net cash used in investing activities</b>	<b>(15.2)</b>	<b>(4.9)</b>	<b>(18.3)</b>	<b>(52.1)</b>
FINANCING ACTIVITIES:				
Proceeds from IPO	0.0	0.0	0.0	458.9
Proceeds from issue of share capital	78.4	0.0	0.0	0.0
Acquisition of non-controlling interest	(0.4)	0.0	(3.2)	(0.1)
Proceeds from disposal of non-controlling interest	0.0	0.0	0.0	0.8
Proceeds from borrowings	283.4	272.2	355.3	216.2
Repayments of borrowings	(314.6)	(303.4)	(283.7)	(164.0)
Acquisition of own shares	0.0	0.0	0.0	(15.6)
Dividends paid	(0.8)	(1.0)	(1.3)	0.0
<b>Net cash (used in)/from financing activities</b>	<b>46.0</b>	<b>(32.1)</b>	<b>67.1</b>	<b>496.1</b>
<b>Net increase in cash and cash equivalents</b>	<b>57.3</b>	<b>31.6</b>	<b>9.9</b>	<b>312.2</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>95.6</b>	<b>107.5</b>	<b>119.7</b>	<b>492.8</b>

Source: audited consolidated IFRS accounts for 2008, 2009, 2010, 2011