



LSR Group's 3Q/9M 2016 Trading Volume Update

Saint Petersburg, October 2016

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Contents



Highlights	4
Real Estate Development and Construction	5
Moscow	7
St. Petersburg	8
Ekaterinburg	9
Building Materials	10
Debt Profile	11
Appendix	12

9M and 3Q 2016 Highlights



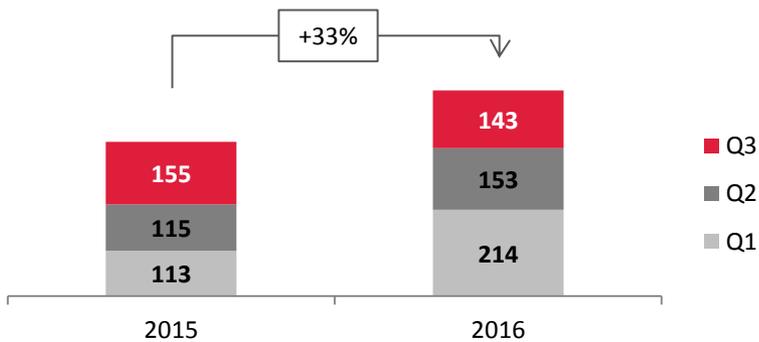
- 9M new contract sales reached **509 th sq m (+33% y/y)**. Value of the contracts was **RUB 53.1 bn (+51% y/y)**
- 3Q new contract sales increased by **12% y/y** in value and declined by **8% y/y** in volume
- Average selling price grew by **22% y/y** to **RUB 107 th** in 3Q
- In 9M, **507 th sq m** of NSA was launched to the market
- The share of mortgage sales stood at **36%** over the 9M and reached **42%** in 3Q
- We reiterate our full year guidance for real estate development, construction and building materials

Real Estate Development and Construction

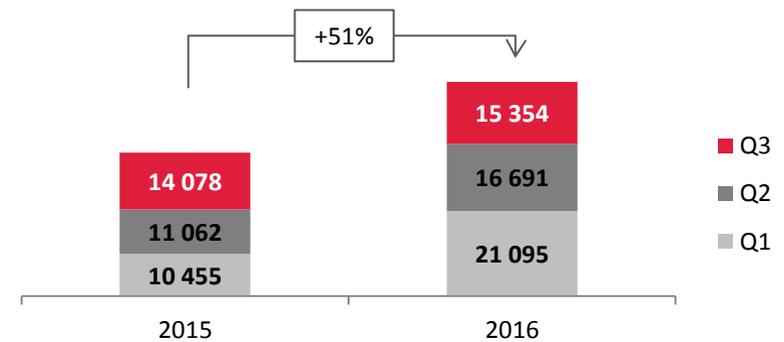


- Robust sales continue to be supported by mortgage subsidy program and outperformance of Moscow projects
- The average price increase was driven by our new pricing strategy which carefully balances supply and demand
- Our construction business units transferred 719 th sq m to customers in 9M 2016, precisely in line with the annual plan

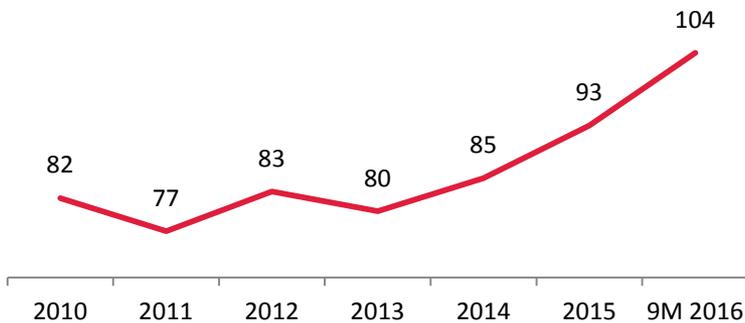
NEW CONTRACT SALES, TH SQ M



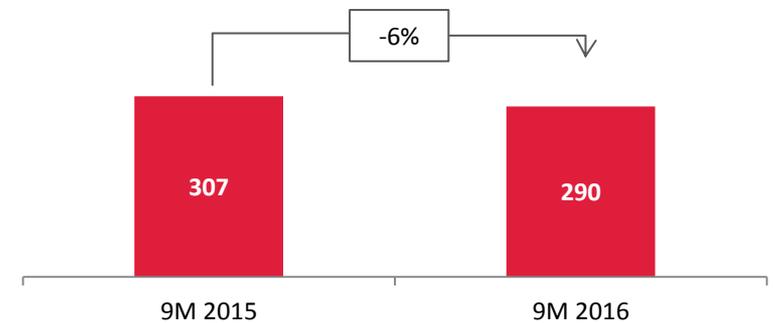
NEW CONTRACT SALES, RUB BN



AVERAGE PRICE, RUB TH



DELIVERIES, TH SQ M



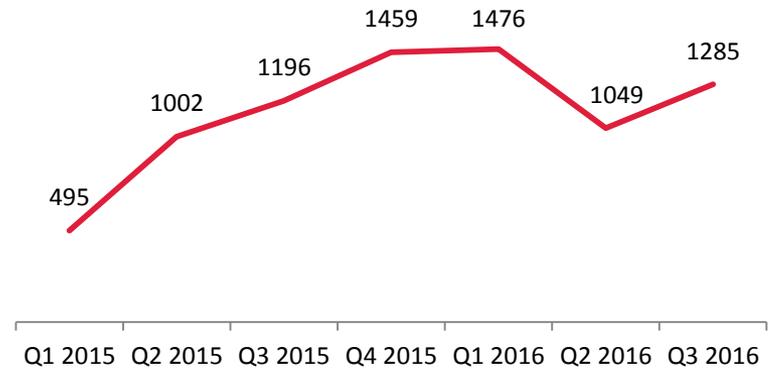
Source: Company, October 2016

Real Estate Development: Overview

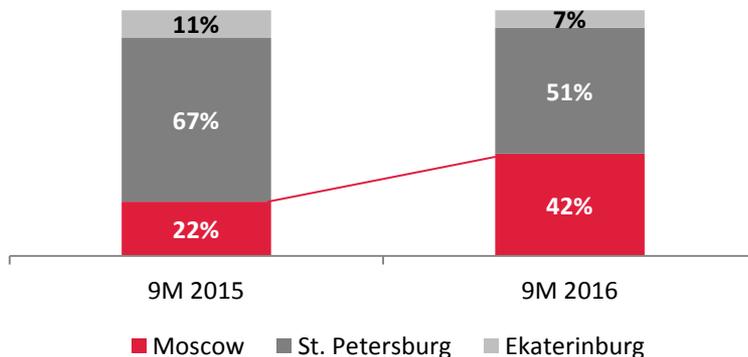


- Boost in demand for mortgage was supported by:
 - Central Bank's easing efforts
 - Our strategy of price differentiation between mortgage and installment payments
- Our sales mix has skewed towards higher margin, higher priced projects
- Share of non-local sales totaled on average 38%, indicating strong brand recognition across the country

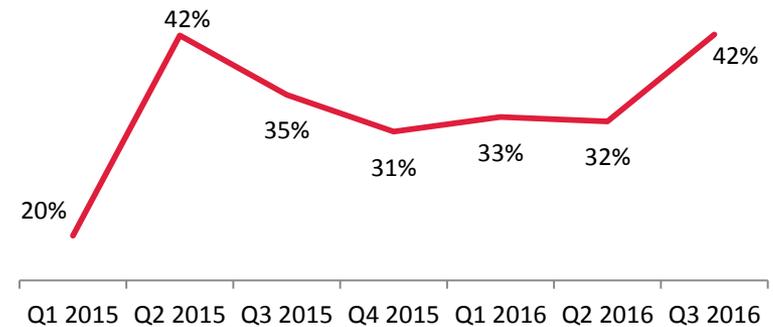
NUMBER OF MORTGAGE CONTRACTS



NEW CONTRACT SALES, BY REGION IN TERMS OF VALUE



SHARE OF MORTGAGES IN NEW CONTRACT SALES, %



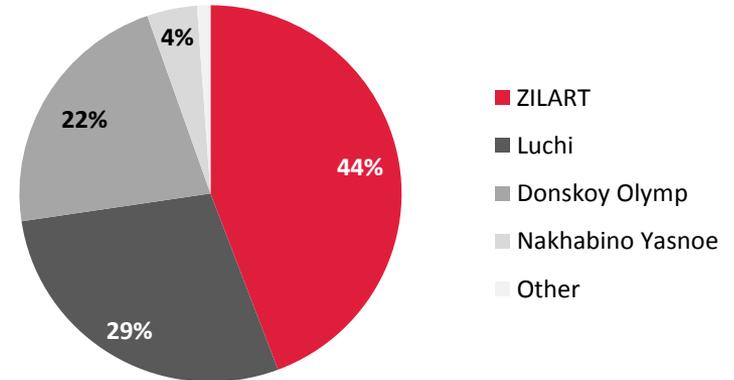
Source: Company, October 2016

Real Estate Development: Moscow

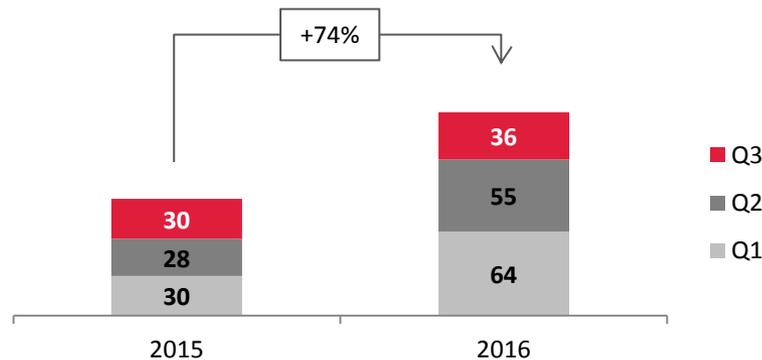


- In 3Q, we launched around 58 th sq m in new sales in ZILART
- Strong demand for our projects prompted us to increase the average price in 3Q alone by 12% q/q
- We expect to ramp up our offering by additional 153 th sq m by the year end to meet customer interest

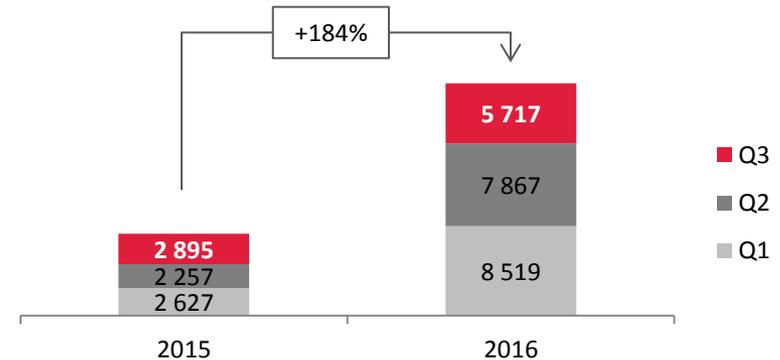
NEW CONTRACT SALES BREAKDOWN BY VALUE



NEW CONTRACT SALES, TH SQ M



NEW CONTRACT SALES, RUB BN



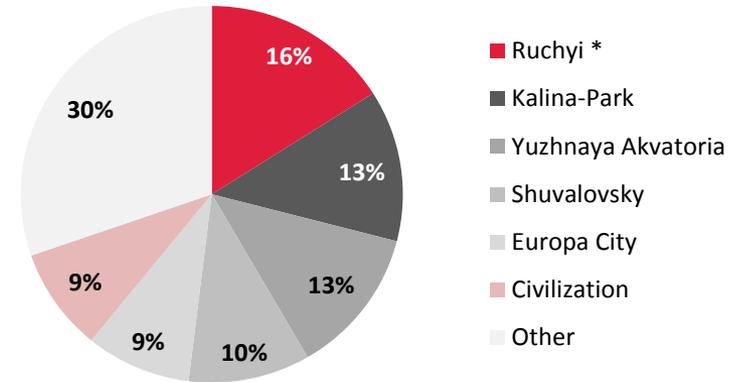
Source: Company, October 2016

Real Estate Development: St.Petersburg

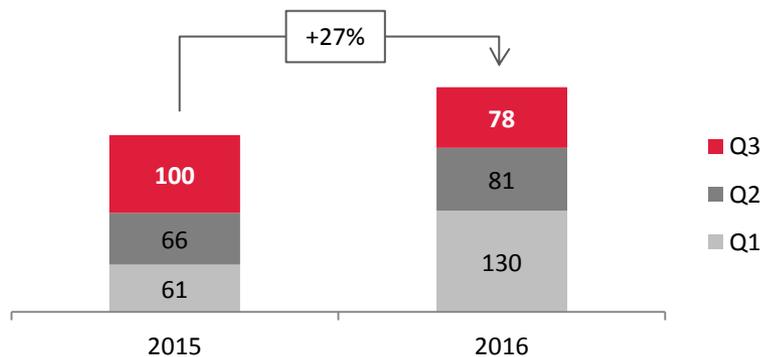


- This year we launched the largest projects in history of our presence in St.Petersburg: Civilization and Tsvetnoy Gorod
- In 3Q, we launched 89 th sq m in new sales in Ruchyi and Kalina-Park
- 3Q decline in mass-market sales was driven by price increases and transfers of some launches to 4Q
- These initiatives were done to level off the excess demand and achieve a smoother investment schedule

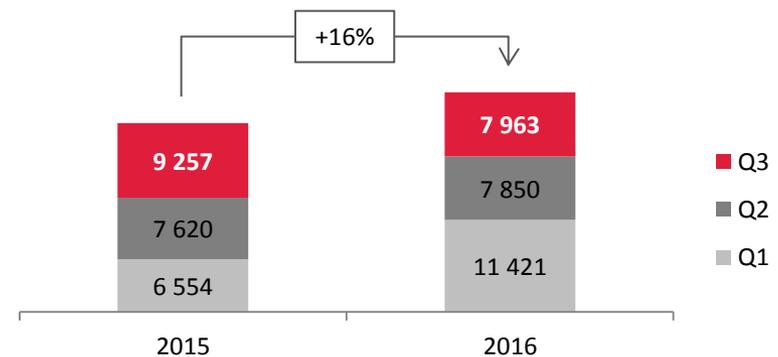
NEW CONTRACT SALES VALUE, BY PROJECT IN ST. PETERSBURG



NEW CONTRACT SALES, TH SQ M



NEW CONTRACT SALES, RUB BN



*comprises Novaya Okhta, Tsvetnoy Gorod and Ruchyi

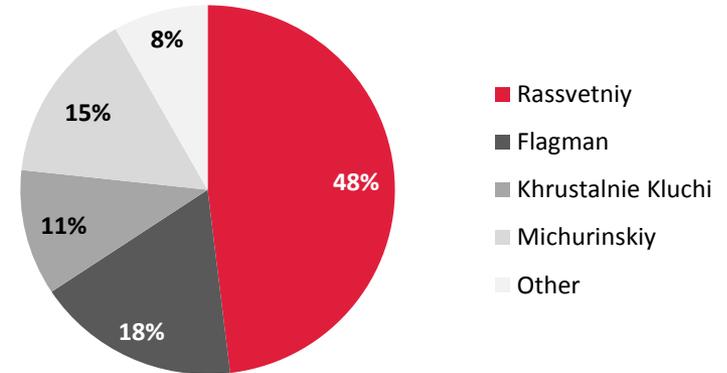
Source: Company, October 2016

Real Estate Development: Ekaterinburg

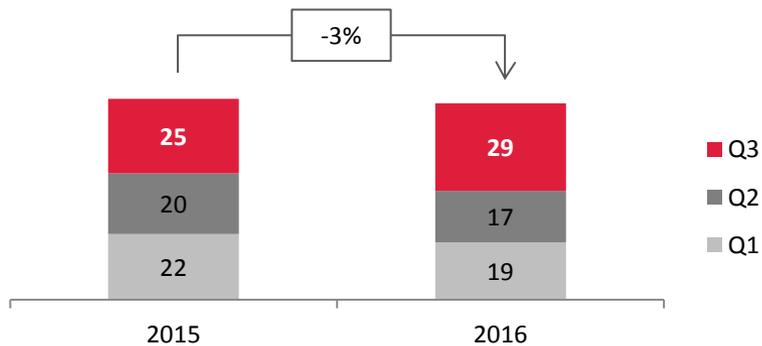


- In 3Q 2016, we have launched 38 th sq m in new sales in Rassvetniy and Rastochnaya project
- Our 3Q sales in Ekaterinburg were the best quarter results in the region since the beginning of 2015, increasing by 17% y/y in volume and 9% y/y in value
- This success resulted from offering smaller, more in-demand apartments and adjusting the prices

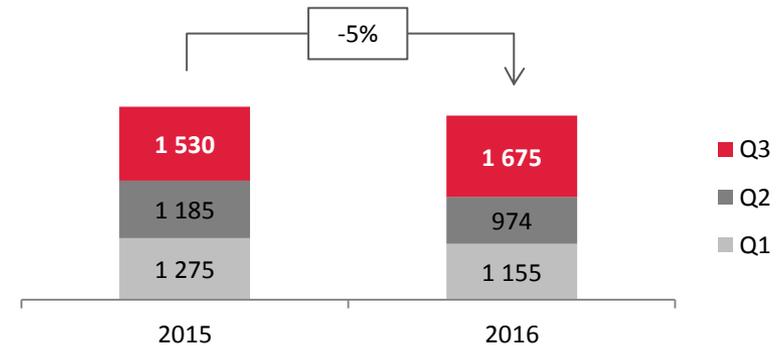
NEW CONTRACT SALES VALUE, BY PROJECT IN EKATERINBURG



NEW CONTRACT SALES, TH SQ M



NEW CONTRACT SALES, RUB BN



Source: Company, October 2016

Building Materials



- Aggregates' sales dynamics continued to be supported by supplies to long-term infrastructure projects
- Ready-mix concrete and reinforced concrete remained under pressure from the general decline in early cycle construction activity
- Bricks' sales in 3Q were supported by the start of supplies to ZILART
- We intend to focus on expansion of our brick sales beyond home region, predominantly into Moscow
- Aerated concrete sales demonstrated steady growth dynamics due to ongoing market share consolidation

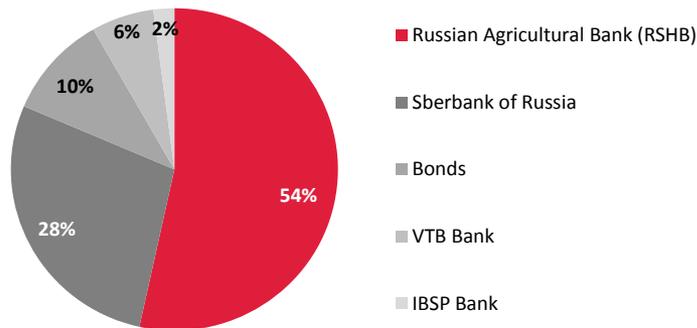
Sales by product	3Q 2015	3Q 2016	Change, %	9M 2015	9M 2016	Change, %
Crushed granite, th cbm	1 790	2 068	16%	4 193	4 862	16%
Sand, th cbm	2 289	2 424	6%	6 429	6 869	7%
Ready-mix concrete, cbm	286	264	-8%	817	655	-20%
Reinforced concrete, th cbm	80	73	-9%	212	197	-8%
Bricks, mn units	97	99	2%	273	248	-9%
Aerated concrete, th cbm	429	449	5%	1 016	1 089	7%

Debt Profile

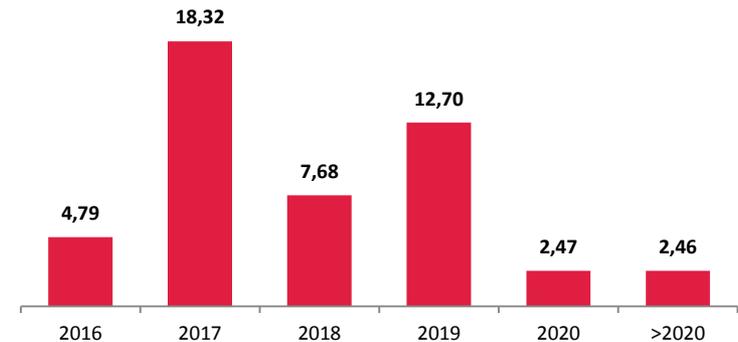


- As of September 30, 2016 gross debt was RUB 48.4 bn*. The average rate was 11.3%
- Company has no foreign debt exposure
- In August 2016 Moody's upgraded LSR Group's corporate family rating from B2 to B1
- In September 2016 LSR Group placed a RUB 5 bn bond issue at the coupon rate of 10.75% (total demand exceeded RUB 15 bn)
- Net debt/EBITDA amounted to 1.1x as of June 30, 2016

CURRENT LOAN PORTFOLIO



DEBT REPAYMENT SCHEDULE

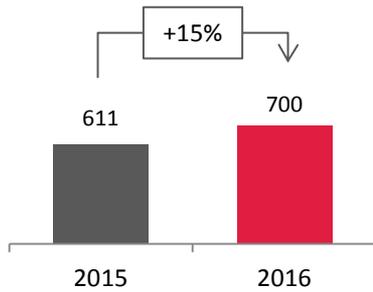


* excluding finance lease liability and other loans

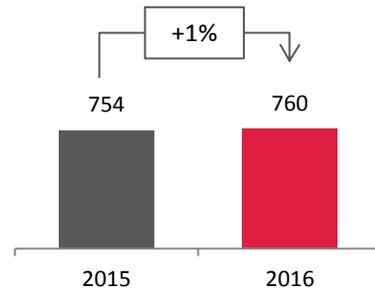
Source: Company, October 2016

Appendix

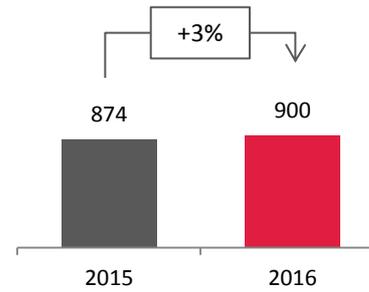
New contract sales (th sq m)



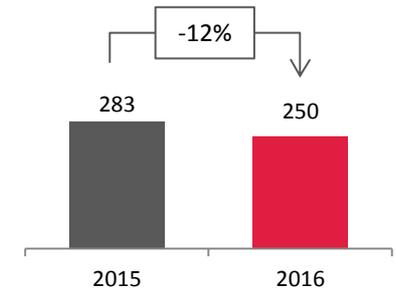
Completions (th sq m)



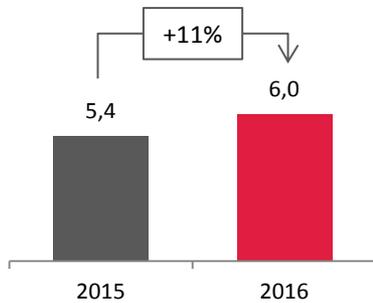
Construction (th sq m)



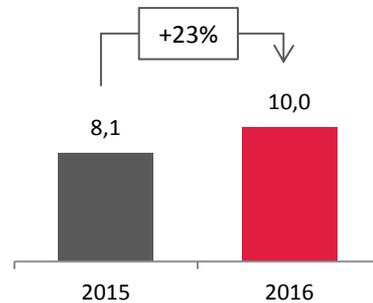
Reinforced concrete (th cbm)



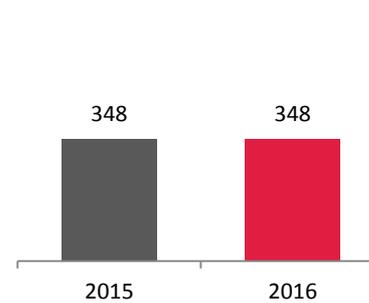
Crushed granite (mn cbm)



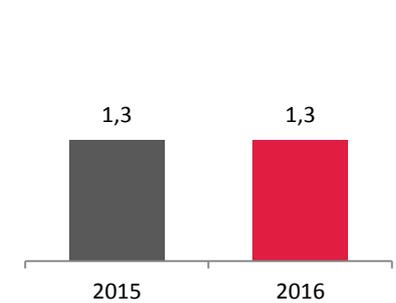
Sand (mn cbm)



Bricks (mn units)



Aerated concrete (mn cbm)



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