



## 2009 Results



April 2010

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# Agenda

**1. Review of 2009 results**

**2. Market overview**

**Appendix: LSR Group today**

**Appendix: Financial statements**

# Key Financials

RUB m	2007	2008	2009
Revenues	35,838	49,813	51,024
EBITDA <sup>1</sup>	7,897	13,178	14,732
EBITDA margin <sup>2</sup>	22%	26%	29%
Normalised operating profit <sup>3</sup>	6,343	11,130	12,327
Normalised operating profit %	18%	22%	24%
Normalised net profit <sup>4</sup>	3,072	5,298	6,071
Changes in fair value of investment property	8,037	(16,143)	(1,752)
Reported net profit	9,180	(8,007)	4,590
Gross cash flow <sup>5</sup>	7,942	13,335	15,235
Operating cash flow	(8,491)	4,373	3,470
Capitalised capital expenditure	6,519	10,330	7,674
Total debt	24,151	36,874	39,541
Net debt	15,498	33,628	36,645
Net debt/EBITDA	2.0	2.6	2.5

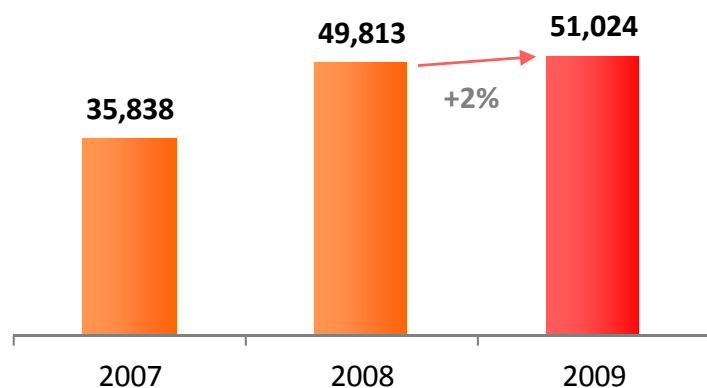
Source: Audited consolidated IFRS financial statements, except as described below

Notes: The financial measures described in the notes below are not defined in the International Financial Reporting Standards and should therefore be regarded only as supplementary information

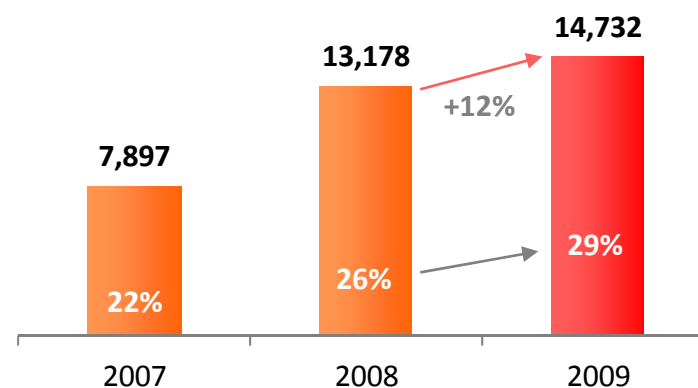
- 1) EBITDA equals to operating profit plus depreciation and amortization of fixed assets and intangible assets less changes in the fair value of investment property less impairment of goodwill
- 2) EBITDA margin equals to the ratio between EBITDA and sales revenue (unaudited)
- 3) Normalised operating profit equals to operating profit less the effects of revaluation of investment property and impairment of goodwill, which are non-cash items (unaudited)
- 4) Normalised net profit calculated as net profit excluding effects of revaluation of investment property and impairment of goodwill (incl. recalculation of deferred tax) (unaudited)
- 5) Gross cash flow represents operating profit before changes in working capital and provisions (unaudited)

# Key Financials

Sales (RUB m)

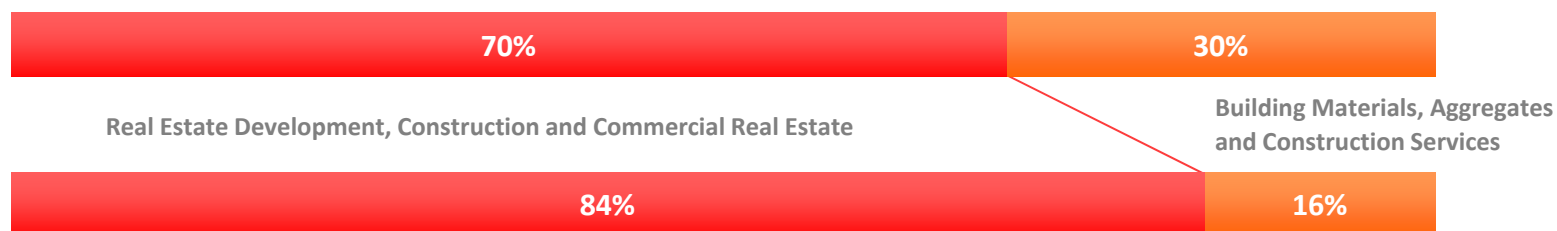


EBITDA (RUB m) and EBITDA margin (%)



## Sales revenue and EBITDA breakdown<sup>1</sup>

### 2009 Sales revenue breakdown



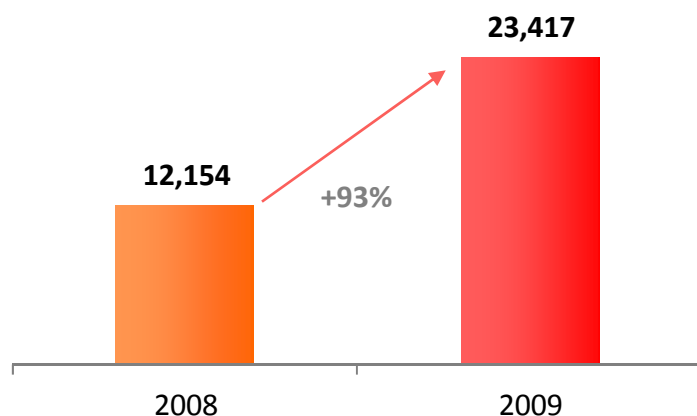
### 2009 EBITDA breakdown



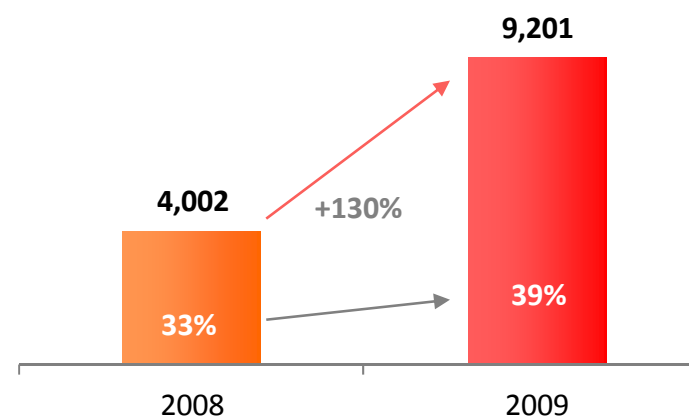
Source: Audited consolidated IFRS financial statements, except EBITDA margin  
 Note: 1) Before inter-group eliminations, unallocated amounts and other operations

# Real Estate Development

Sales (RUB m)



EBITDA (RUB m) and EBITDA margin (%)



## Key financials

	Total <sup>1</sup>			Elite Real Estate			Business Class & Mass-Market Real Estate in St. Petersburg			Business Class & Mass-Market Real Estate in Urals		
	2008	2009	Change	2008	2009	Change	2008	2009	Change	2008	2009	Change
New contract sales (th. sqm)	198	266	34%	27	30	10%	141	209	49%	24	23	-4%
Transferred to customers (th. sqm)	154	237	54%	18	76	316%	85	117	38%	43	39	-10%
Sales revenue (RUB m)	12,154	23,417	93%	3,930	12,951	230%	5,180	8,031	55%	2,012	1,805	-10%
EBITDA (RUB m)	4,002	9,201	130%	1,819	6,493	257%	1,588	2,426	53%	333	233	-30%
EBITDA margin (%)	33%	39%	-	46%	50%	-	31%	30%	-	17%	13%	-
Gain/Loss on revaluation of investment property (RUB m)	(15,494)	(2,132)	-	(15,494)	(2,132)	-	-	-	-	-	-	-

- Strong growth in revenue and high margins driven by completions
- New contract sales increased due to government contracts
- Government orders worth RUB 6.5 bn secured in summer 2009

Source: Audited consolidated IFRS financial statements, except EBITDA margin

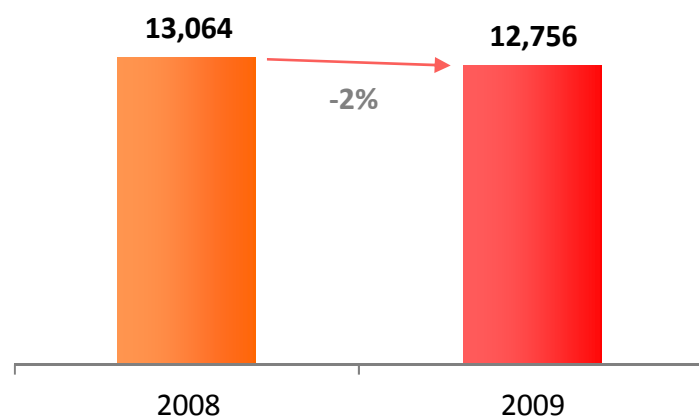
Notes: Total is shown after inter-segment eliminations and before inter-group eliminations and unallocated amounts

Business unit results are before inter-segment and inter-group eliminations

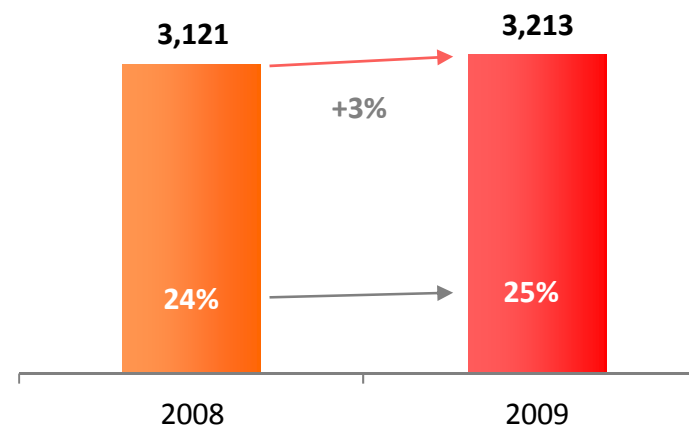
1) Also includes Gated Communities, Real Estate Moscow and other minor operations

# Construction

Sales (RUB m)



EBITDA (RUB m) and EBITDA margin (%)



## Key financials

	Total		
	2008	2009	Change
Sales volume (th. sqm)	464	499	7%
Sales revenue (RUB m)	13,064	12,756	-2%
EBITDA (RUB m)	3,121	3,213	3%
EBITDA margin (%)	24%	25%	-

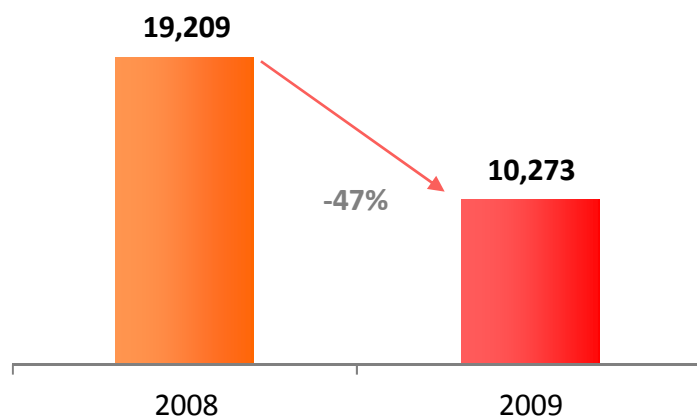
- Stable revenue and improved margin
- Governmental orders worth RUB 15.3 bn for construction of panel housing secured in 2009

Source: Audited consolidated IFRS financial statements, except EBITDA margin

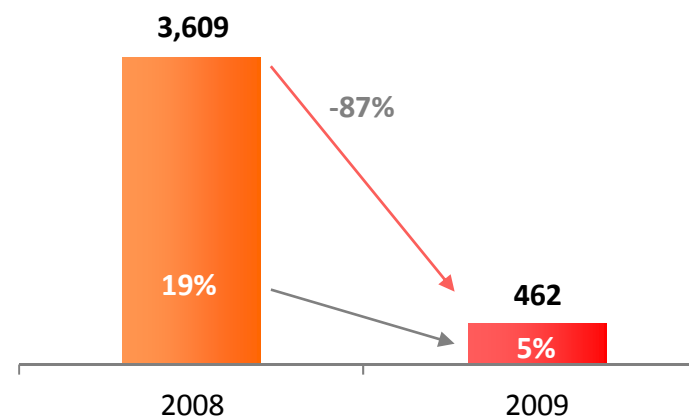
Notes: Total is shown after inter-segment eliminations and before inter-group eliminations and unallocated amounts

# Building Materials

Sales (RUB m)



EBITDA (RUB m) and EBITDA margin (%)



## Key financials

	Total <sup>1</sup>			Reinforced Concrete			Ready-Mix Concrete			Bricks			Aerated Concrete		
	2008	2009	Change	2008	2009	Change	2008	2009	Change	2008	2009	Change	2008	2009	Change
Sales volume (th. cub. m)	-	-	-	550	288	-48%	1,493	812	-46%	265	169	-36%	835	737	-12%
Sales revenue (RUB m)	19,209	10,273	-47%	6,001	3,792	-37%	5,732	2,249	-61%	2,709	1,331	-51%	2,590	1,633	-37%
EBITDA (RUB m)	3,609	462	-87%	1,484	117	-92%	612	76	-88%	1,038	176	-83%	310	70	-77%
EBITDA margin (%)	19%	5%	-	25%	3%	-	11%	3%	-	38%	13%	-	12%	4%	-

- Reduction of demand and price competition
- Cost reduction and capacity optimisation
- Margins significantly reduced in all businesses, but EBITDA remained positive

Source: Audited consolidated IFRS financial statements, except EBITDA margin

Notes: Segment information prepared net of revenues and expenses from 3rd party transportation services providers

Total is shown after inter-segment eliminations and before inter-group eliminations and unallocated amounts

Business unit results are before inter-segment and inter-group eliminations

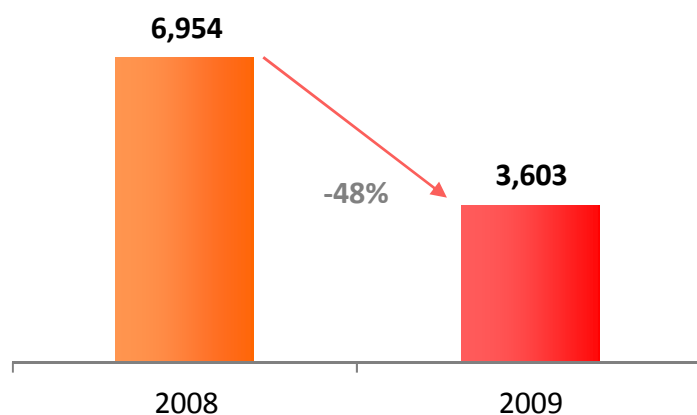
For Bricks sales volume is shown in millions of non-formatted units

1) Also includes our other minor building materials operations

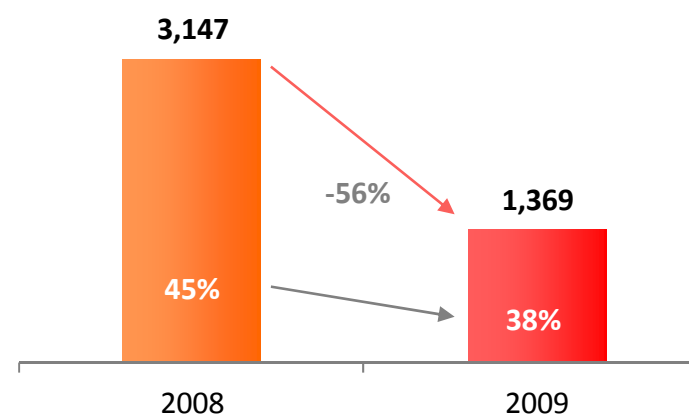


# Aggregates

Sales (RUB m)



EBITDA (RUB m) and EBITDA margin (%)



## Key financials

	Total			Sand			Crushed Granite		
	2008	2009	Change	2008	2009	Change	2008	2009	Change
Sales volume (th. cub. m)	-	-	-	17,957	10,207	-43%	5,407	3,593	-34%
Sales revenue (RUB m)	6,954	3,603	-48%	3,843	2,106	-45%	3,145	1,522	-52%
EBITDA (RUB m)	3,147	1,369	-56%	2,014	1,092	-46%	1,132	278	-75%
EBITDA margin (%)	45%	38%	-	52%	52%	-	36%	18%	-

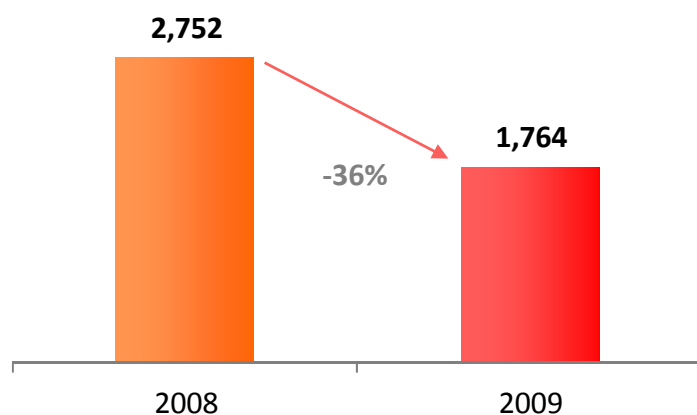
- Increased share of infrastructure sales
- Resilient margin in Sand business

Source: Audited consolidated IFRS financial statements, except EBITDA margin

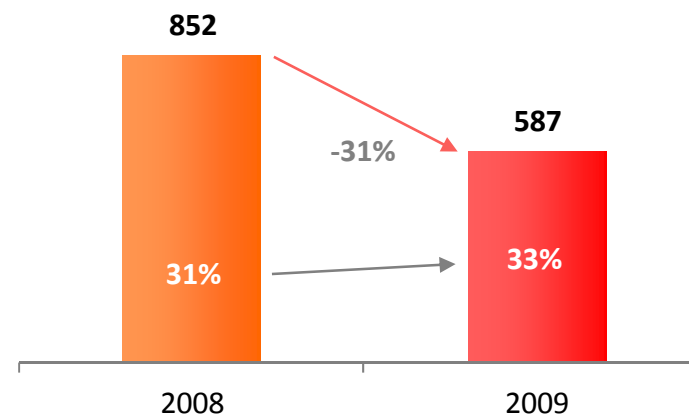
Notes: Segment information prepared net of revenues and expenses from 3rd party transportation services providers  
 Total is shown after inter-segment eliminations and before inter-group eliminations and unallocated amounts  
 Business unit results are before inter-segment and inter-group eliminations

# Construction Services

Sales (RUB m)



EBITDA (RUB m) and EBITDA margin (%)



## Key financials

	Total		
	2008	2009	Change
Sales revenue (RUB m)	2,752	1,764	-36%
EBITDA (RUB m)	852	587	-31%
EBITDA margin (%)	31%	33%	-

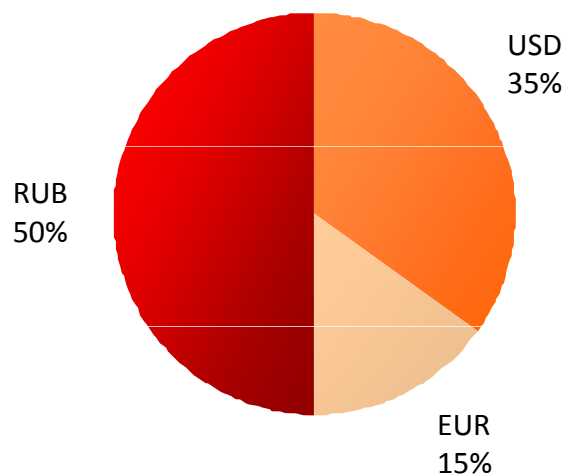
- Resilient margin in Tower Cranes services business

Source: Audited consolidated IFRS financial statements, except EBITDA margin

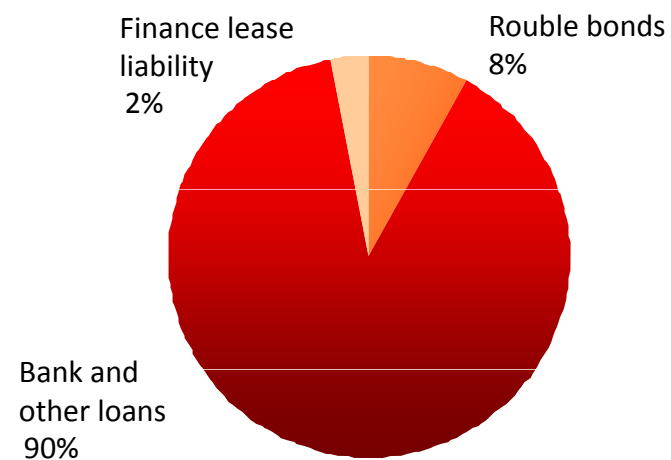
Notes: Total is shown after inter-segment eliminations and before inter-group eliminations and unallocated amounts

# Debt Composition As Of 31 March 2010

Gross debt by currency<sup>1</sup>

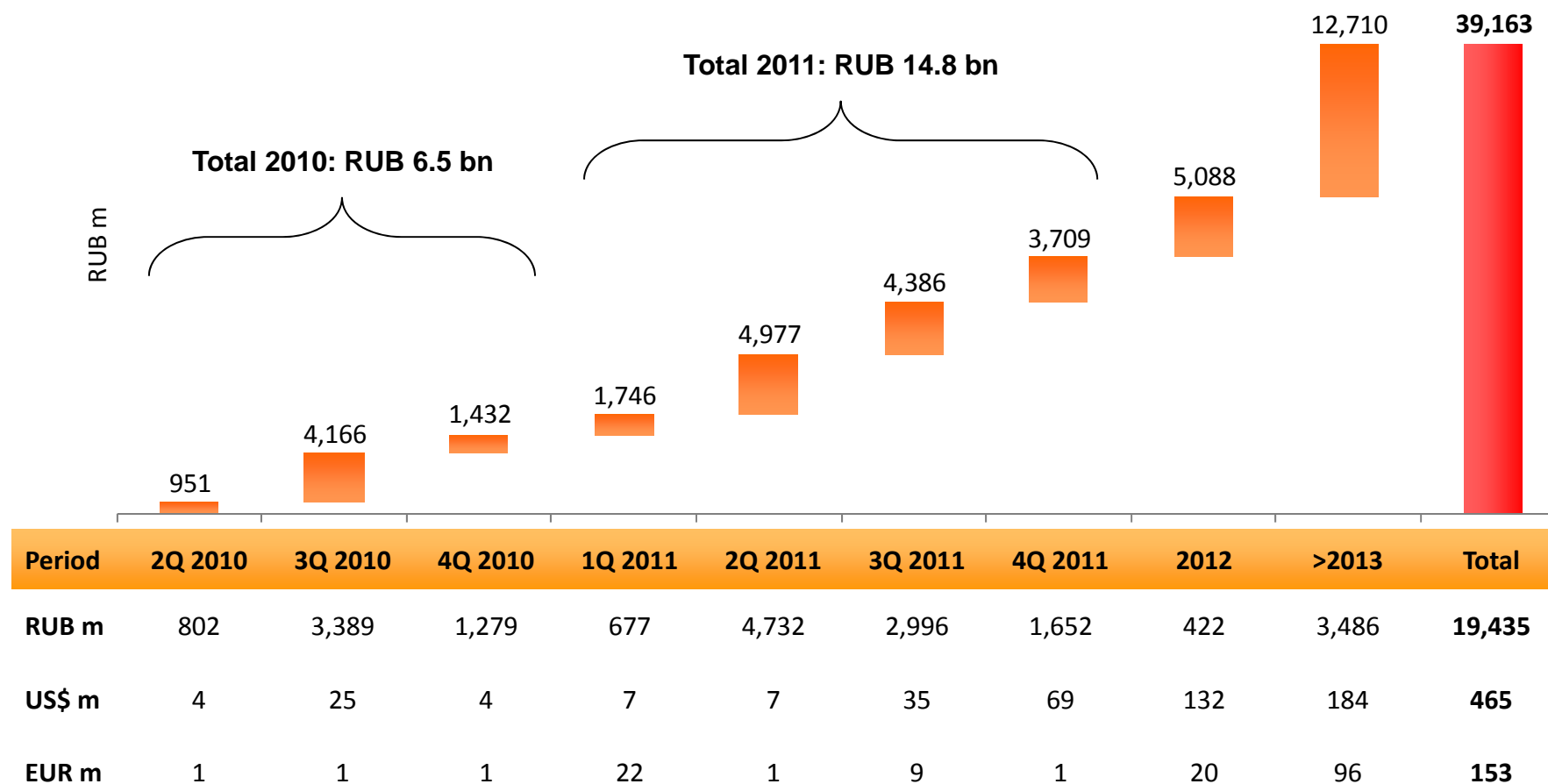


Gross debt composition



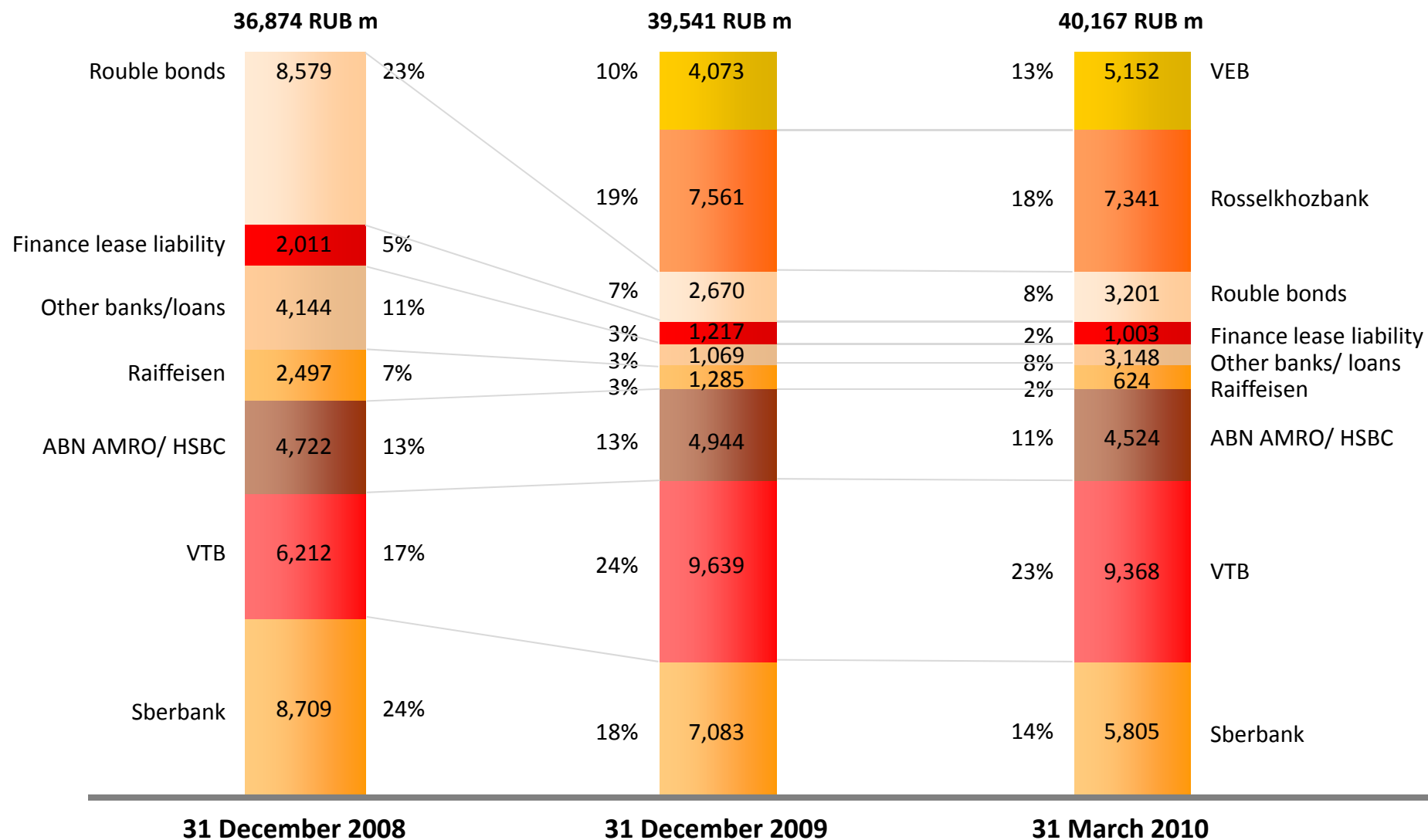
Source: Company  
 Note: 1) excluding finance lease liability and other loans

# Debt Maturity Profile As Of 31 March 2010



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

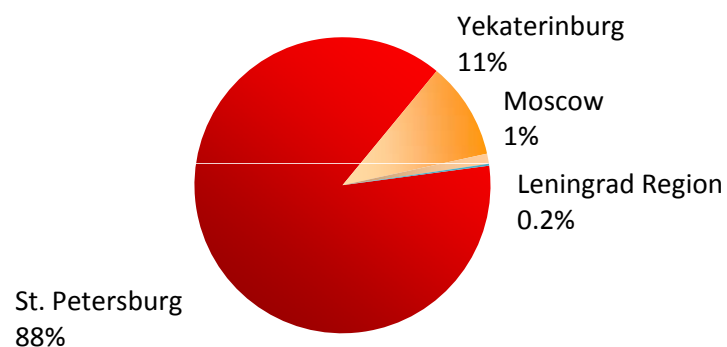
# Gross Debt By Source



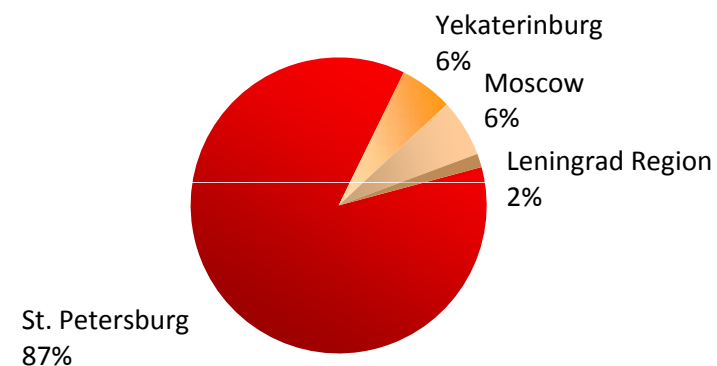
Source: Company

# Real Estate Portfolio By Region

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



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

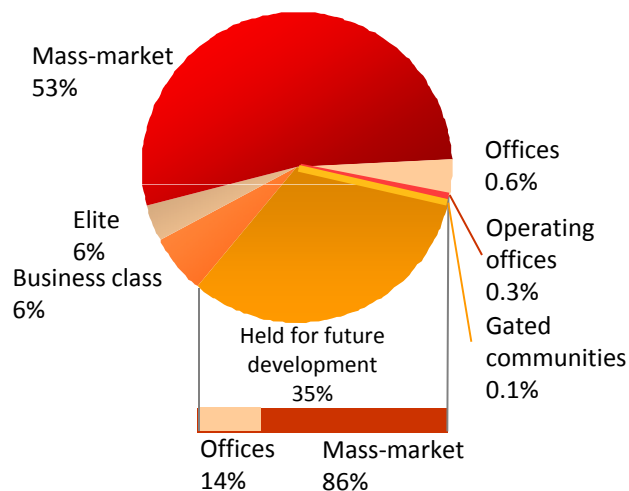


Region	NSA (th. sqm)	% of total	MV (RUB m)	% of total
St. Petersburg	7,296	88%	90,164	87%
Yekaterinburg	874	11%	6,018	6%
Moscow	92	1%	6,574	6%
Leningrad Region	18	0.2%	1,520	2%
<b>Total</b>	<b>8,280</b>	<b>100%</b>	<b>104,275</b>	<b>100%</b>

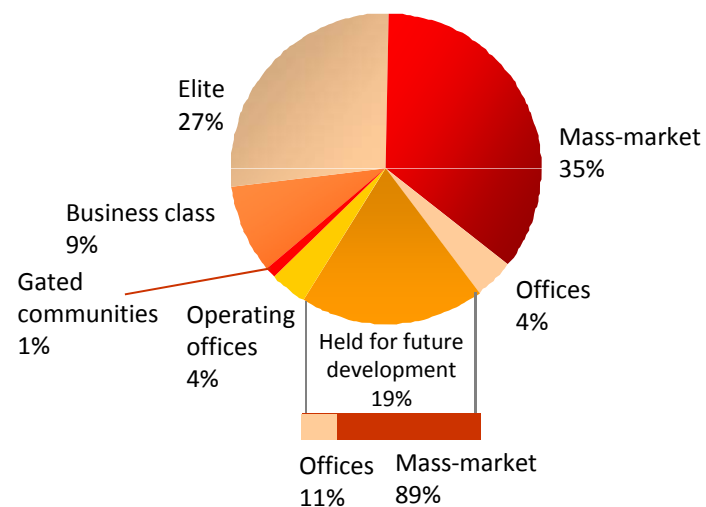
**Largest part of our real estate portfolio is located in our home market of St. Petersburg within the boundaries of the city**

# Real Estate Portfolio By Segment

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



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



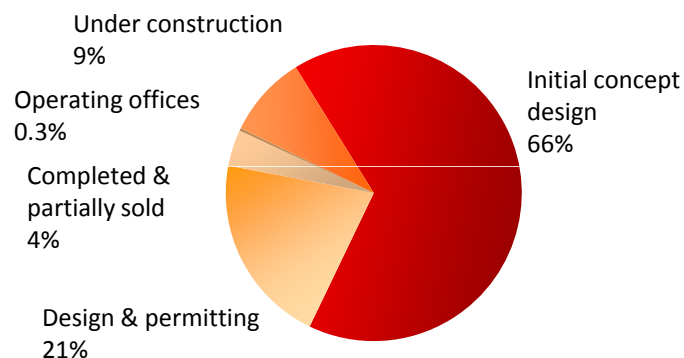
Segment of property	NSA (th. sqm)	% of total	MV (RUB m)	% of total
Mass-market	4,366	53%	36,669	35%
Elite	496	6%	27,727	27%
Business class	470	6%	9,593	9%
Offices	51	0.6%	4,287	4%
Operating offices	22	0.3%	4,606	4%
Gated communities	7	0.1%	1,355	1%
Held for future development	2,867	35%	20,038	19%
<b>Total</b>	<b>8,280</b>	<b>100%</b>	<b>104,275</b>	<b>100%</b>

**Well-balanced portfolio with focus on residential development**

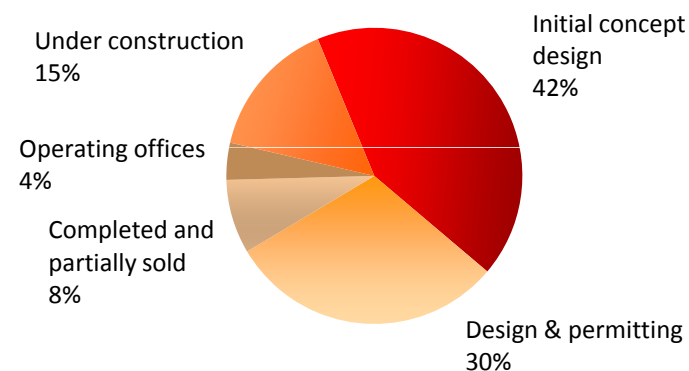
Source: DTZ valuation as of 31.12.2009

# Real Estate Portfolio By Stage Of Development

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



**Breakdown of portfolio by stage of development  
(Market Value)**



Stage of development	NSA (th. sqm)	% of total	MV (RUB m)	% of total
Initial concept design	5,509	66%	43,931	42%
Design and permitting	1,719	21%	31,324	30%
Under construction	706	9%	15,588	15%
Completed & partially sold	323	4%	8,825	8%
Operating offices	22	0.3%	4,606	4%
<b>Total</b>	<b>8,280</b>	<b>100%</b>	<b>104,275</b>	<b>100%</b>

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



# New Cement Plant

## Key technical data

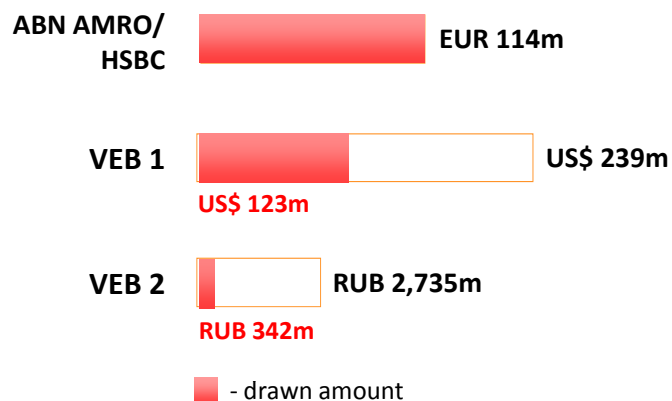
<b>Production capacity</b>	1.86m tons p.a.
<b>Confirmed reserves</b>	95m tons of limestone, 17m tons of cement clay
<b>Technology</b>	Dry
<b>Construction period</b>	2007 – 2010
<b>Stage of the project</b>	Under construction
<b>Supplier of equipment</b>	FLSmidth
<b>Building contractor</b>	Hefei Cement Research & Design Institute
<b>Total investment</b>	EUR 446m (incl. VAT to be reimbursed)
<b>Comments</b>	Financing for the project is fully-funded; capacity might be increased by 2m tons

## Plant diagram

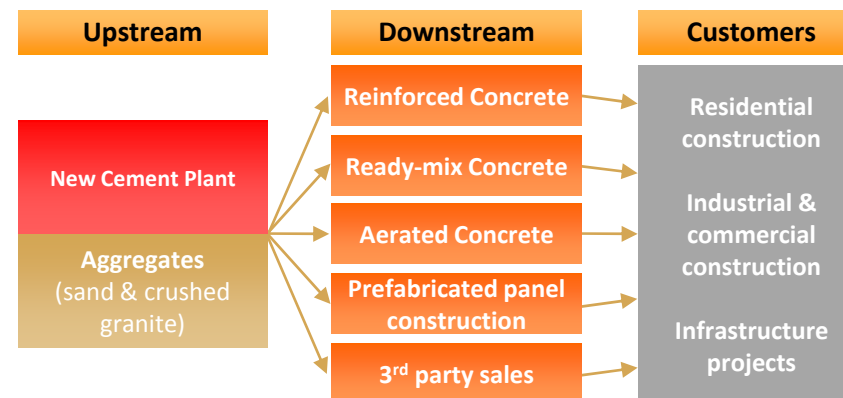


- Bottom right corner: Kiln, pre-heater and cooler
- Bottom centre: Clinker storage silo
- Middle: 2 UMS ball mills for cement grinding
- Upper centre: 4 cement silos
- Upper left: Cement packing and palletizing unit

## Project financing status (31.12.2009)



## New Cement Plant would complete the integrated chain of Building Materials



# New Cement Plant: Construction Site



**April 2010**



**April 2009**



**April 2008**

# Real Estate Division Market Positions In St. Petersburg In 2009

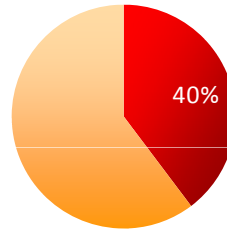


## Housing Completions

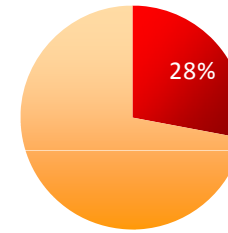
## Housing Under Construction

**Elite Real Estate**

#1

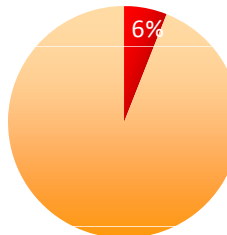


#1

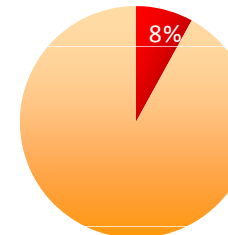


**Mass-Market Real Estate<sup>1</sup>**

#5

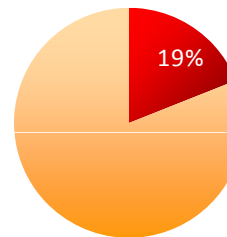


#1



**Total housing construction<sup>2</sup>**

#1



Source: SPb Realty

Note: 1) Excluding state-financed completions

2) Share of LSR's construction business unit in the total completions of housing in St. Petersburg in 2009

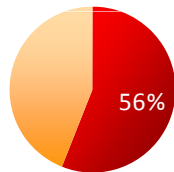
# Building Materials Market Positions In St. Petersburg And The Leningrad Region In 2009



## Building Materials

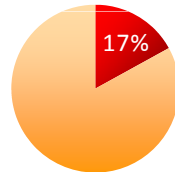
### Reinforced Concrete

#1



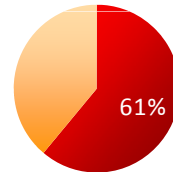
### Ready-Mix Concrete

#1



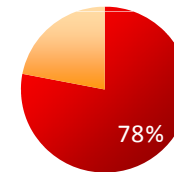
### Bricks

#1

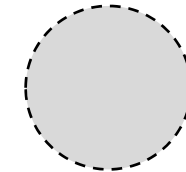


### Aerated Concrete

#1



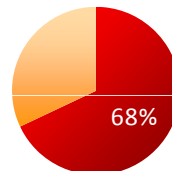
### Cement



## Aggregates

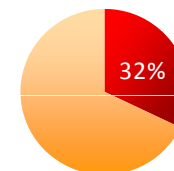
### Sand

#1



### Crushed Granite

#1

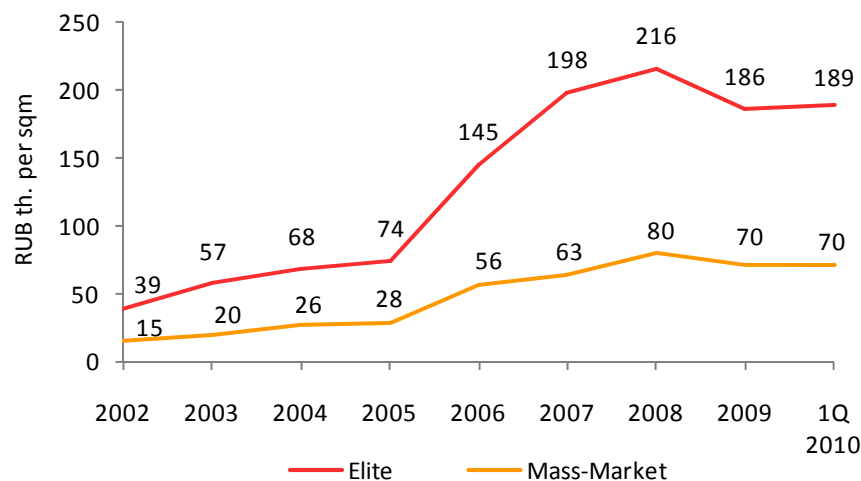


Source: Reshenie  
Note: Volume terms

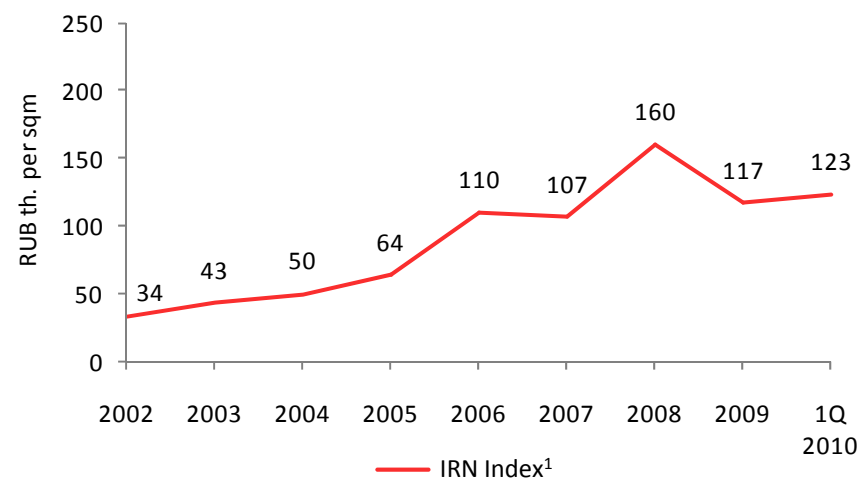
# New Residential Real Estate Price Development In St. Petersburg And Moscow



## St. Petersburg



## Moscow



	Jan 2010		Feb 2010		Mar 2010	
	M-M	Elite	M-M	Elite	M-M	Elite
<b>MoM change, %</b>	+0.9%	+0.2%	-1.6%	+0.5%	+0.7%	+0.9%
<b>Change to Dec'09, %</b>	+0.9%	+0.2%	-0.7%	+0.7%	0.0%	+1.6%

	Jan 2010	Feb 2010	Mar 2010
	<b>MoM change, %</b>	+0.9%	+1.2%
<b>Change to Dec'09, %</b>	+0.9%	+2.1%	+5.2%

Source: SPb Realty

Notes: Prices as of the end of the respective periods

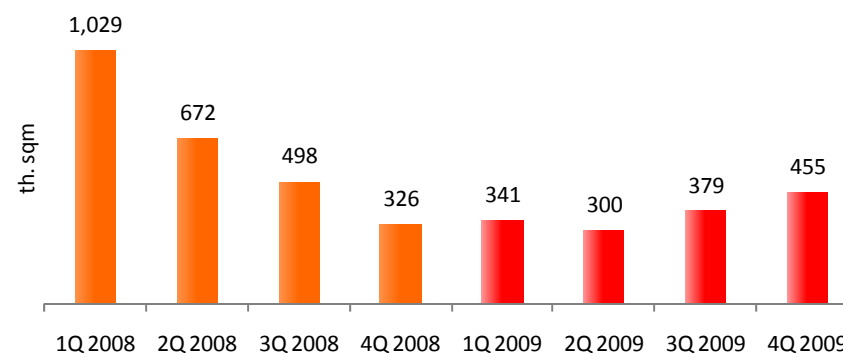
1) IRN Index is calculated on the basis of prices in both primary and secondary markets

Source: IRN

# Signs Of Market Recovery

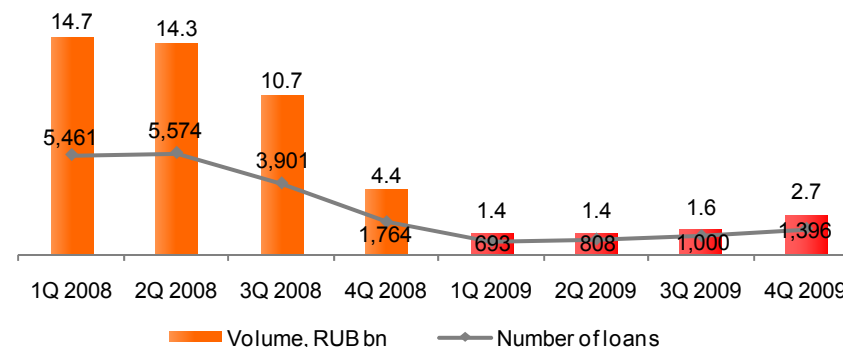
- Housing sales gradually increasing, 30% up in 2H 2009
- Mortgage lending grew in St. Petersburg by 63% in 4Q 2009
- In 1Q 2010 new apartment prices in St. Petersburg stabilized:
  - Elite segment +1.6% end of 1Q 2010 to end of 4Q 2009
  - Mass-Market segment unchanged at the end of 1Q 2010 to end of 4Q 2009
- In 1Q 2010 apartment prices in Moscow increased:
  - IRN apartment prices index +5.2% end of 1Q 2010 to end of 4Q 2009
- Increased number of land acquisition deals and increased prices for land plots
- Government announced support to mortgage lending programs on primary real estate market
- Number of mortgage deals continued to grow in Moscow and St. Petersburg in 1Q 2010
- **Future opportunity:**
  - **Long term imbalance between supply and demand**

### Sales of new apartments in St. Petersburg



Source: SPb Realty

### Mortgage lending in St. Petersburg



Source: SPb Mortgage Agency

Source: St. Petersburg Mortgage Agency, SPb Realty, IRN

Note: New housing (apartments) represents residential projects at different stages of development which are offered for sale for the first time during the reported period

# “Lead The Growth” Program

## Real Estate Development

- Launch construction and start sales in five development projects in St Petersburg
- Search for land plots in Moscow and Yekaterinburg for strategic land bank expansion; purchase selected land plots in St Petersburg subject to unique location and attractive prices
- Complete feasibility study on launch of new development projects in Moscow region
- Increase sales and marketing activity
- Work with partner banks on increase of mortgage offering at company's development projects

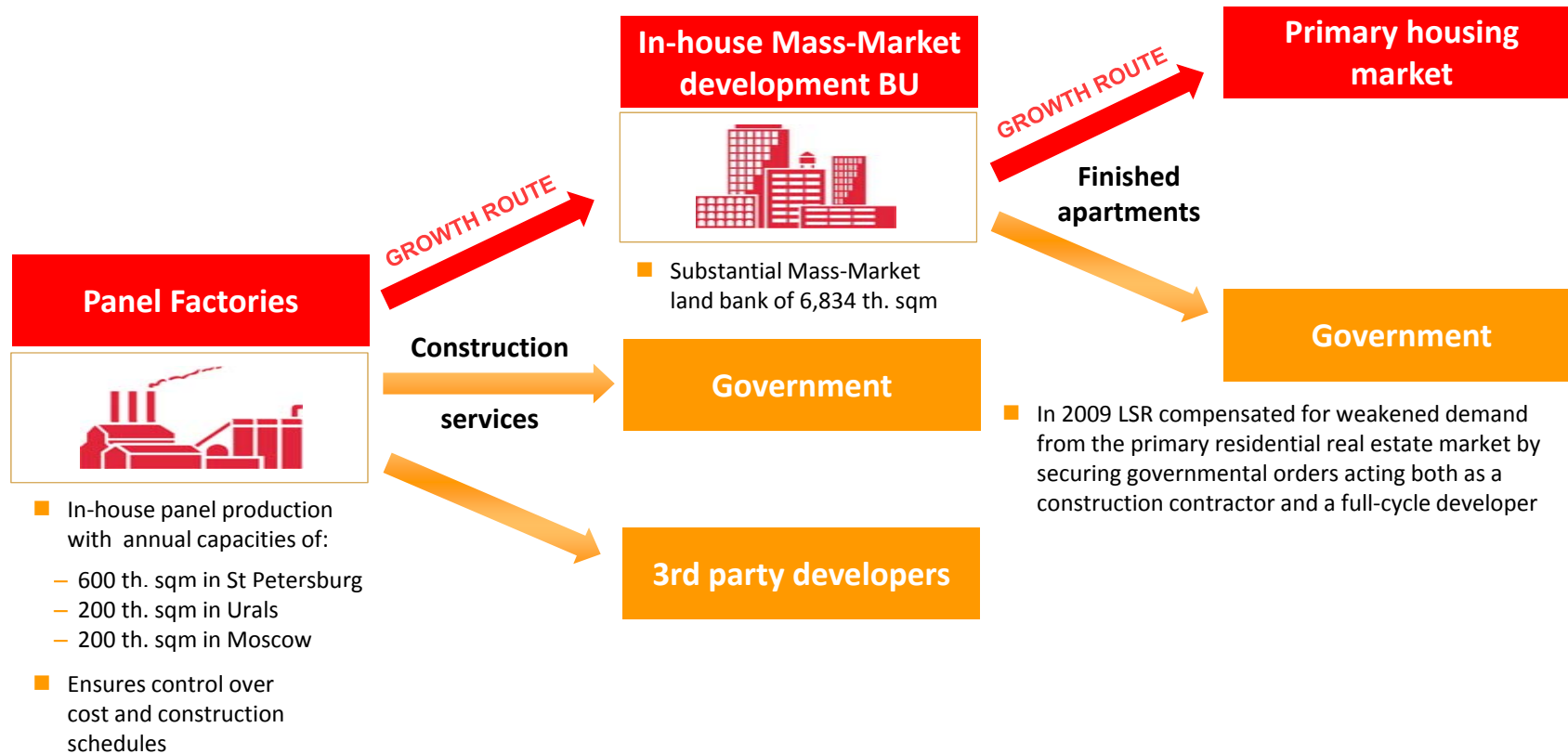
## Building Materials

- Identify attractively priced acquisition targets for building materials and aggregates production division
- Revise capex plan for modernization projects which were suspended during downturn
- Seek project financing for brick plant project in St Petersburg and complete feasibility study on construction of new brick plant in Moscow region (site has been secured)
- Prepare plan for re-launch of mothballed capacity
- Complete construction of the cement plant

## Corporate

- Control debt level and debt maturity profile
- Strict working capital policy to ensure stability of business

# We Plan To Significantly Increase Volumes Of Our Own Mass-Market Development



- We launched Mass-Market real estate business unit in 2003 and has gained #1 Mass-Market share by volume of housing under construction in St. Petersburg in 2009
- We plan to increase our panel production capacity in St. Petersburg to 750 th. sqm per annum
- In the long-term we intend to significantly increase the volume of our Mass-Market development and complete 400-450 th. sqm per annum as a full-cycle developer



# Growing Moscow And Urals Business

## Moscow and the Moscow region

## Urals region

<b>Market Description</b>	<ul style="list-style-type: none"> <li>■ Moscow and the Moscow region are number '1' in Russia by population</li> <li>■ Largest real estate market in Russia</li> <li>■ Highest prices for real estate provide opportunity to earn highest margins in case of adequately priced land acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>■ Yekaterinburg city is number '4' in Russia by population</li> <li>■ Higher than average prices for real estate</li> </ul>
<b>Year of market entry</b>	<b>2001</b>	<b>2008</b>
<b>History of business development</b>	<ul style="list-style-type: none"> <li>■ Scale of business in Moscow is limited since we avoided the acquisition of overpriced assets</li> <li>■ Launch of first Mass-Market project in April 2010</li> </ul>	<ul style="list-style-type: none"> <li>■ In 2008 LSR acquired the large local player with similar integrated business structure (real estate development, construction and building materials operations)</li> </ul>
<b>Existing operations</b>	<p><b>Current real estate portfolio</b></p> <ul style="list-style-type: none"> <li>■ Total NSA: 92 th.sqm + recently secured 439 th. sqm<sup>1</sup></li> </ul> <p><b>Production Capacity</b></p> <ul style="list-style-type: none"> <li>■ 200<sup>2</sup> th. sqm of panels for Mass-Market housing</li> <li>■ Reinforced concrete operations</li> </ul>	<p><b>Current real estate portfolio</b></p> <ul style="list-style-type: none"> <li>■ Total NSA: 874 th.sqm</li> </ul> <p><b>Production Capacity</b></p> <ul style="list-style-type: none"> <li>■ 200 th. sqm of panels for Mass-Market housing</li> <li>■ Building materials, aggregates and construction operations</li> </ul>
<b>Growth Opportunities</b>	<ul style="list-style-type: none"> <li>■ We plan to increase the volume of our operations in Moscow as we see more favorable conditions for land acquisition and joint-venture opportunities at project level</li> <li>■ Complete the existing real estate projects</li> </ul>	<ul style="list-style-type: none"> <li>■ Use the existing capacity in the region to capitalize on market opportunities</li> <li>■ Complete the existing real estate projects</li> <li>■ Seek favorable land acquisitions</li> </ul>

Note: 1) On 31 March 2010 LSR Group subsidiary entered into an investment contract with a 3<sup>rd</sup> party Moscow developer to jointly develop a mass market neighborhood in the Moscow region (total NSA of 79 th. sqm); on 15 April 2010 LSR Group subsidiary entered into an investment contract to develop an upper business class segment residential complex in Moscow (total NSA of 170 th. sqm); on 16 April 2010 LSR Group subsidiary entered into an investment contract with a 3<sup>rd</sup> party to develop mass market residential housing in the Moscow region (total NSA of 190 th. sqm)  
 2) Our Moscow reinforced concrete business unit has annual capacity of 135 th. cub.m which is equal to c. 200 th. sqm of panels for Mass-Market housing

# Agenda

1. Review of 2009 results

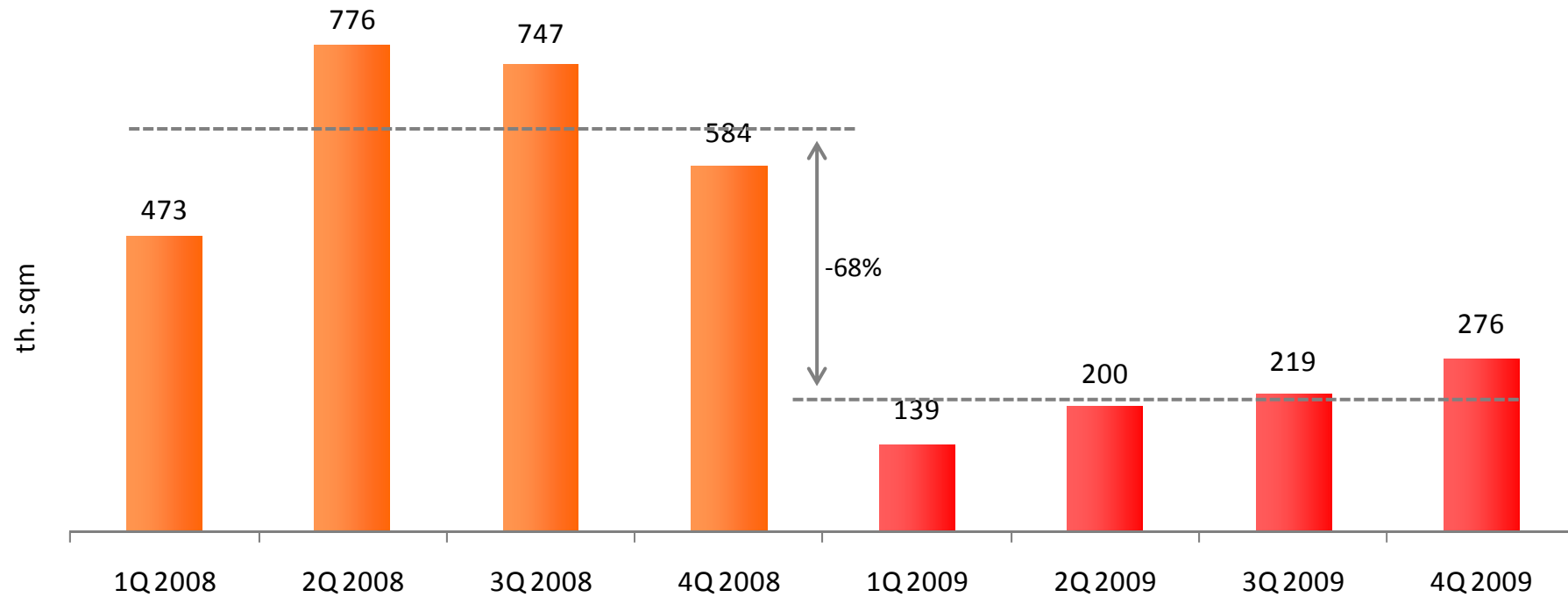
2. Market overview

Appendix: LSR Group today

Appendix: Financial statements

# Supply Of New Apartments

Supply of new apartments in St. Petersburg decreased in 2009



Source: SPb Realty

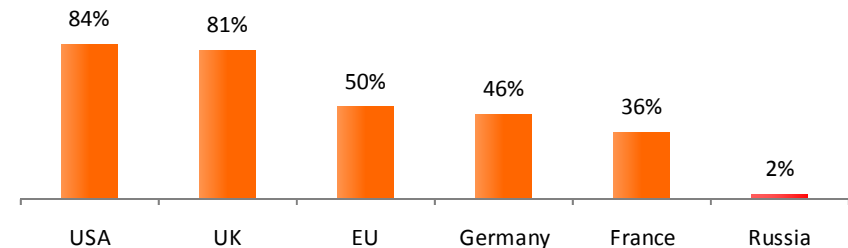
Note: Supply of new housing (apartments) represents residential projects at different stages of development which are offered for sale for the first time during the reported period

# Mortgage Development Is Expected To Be One Of The Key Drivers Of Real Estate Market Recovery



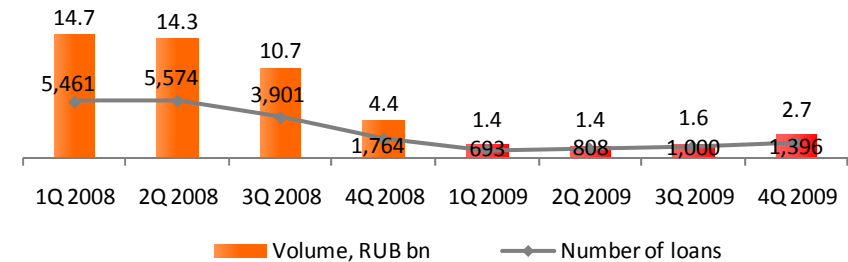
- Russian mortgage lending expanded significantly before the financial and economic crisis
- Housing lending CAGR of 90% from 2006-2008
- However mortgage debt still limited relative to other countries
- Higher rates have impacted the wider demand for mortgage lending
- Current mortgage cost in Russia of 13.9%, according to CBR<sup>1</sup>
- By comparison, 2008 average mortgage costs in the US were 6.0% p.a. and 5.8% p.a. in the UK
- Low availability and high cost currently prevents the majority of the Russian population from using mortgages
- Russian government has acted to reduce rates
- Prime Minister announced in Feb 2010 that mortgage rates must be reduced to 11% p.a. in 2010 and 6% in the future
- A program has been instituted to spend up to RUB 250bn to bring down mortgage rates to 10-11% p.a.

Mortgage lending as share of GDP (31.12.2008)



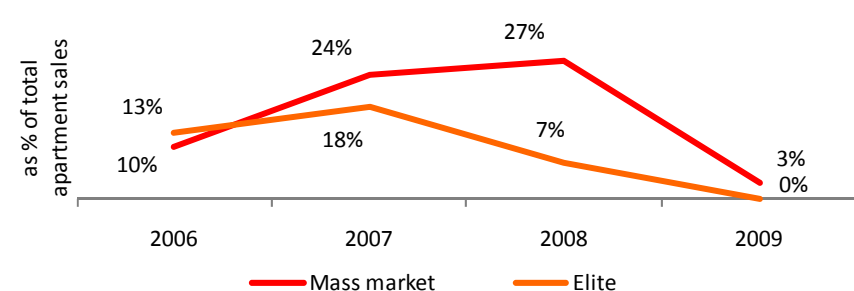
Source: European Mortgage Federation

Mortgage lending in St. Petersburg



Source: SPb Mortgage Agency

LSR mortgage sales by number of deals

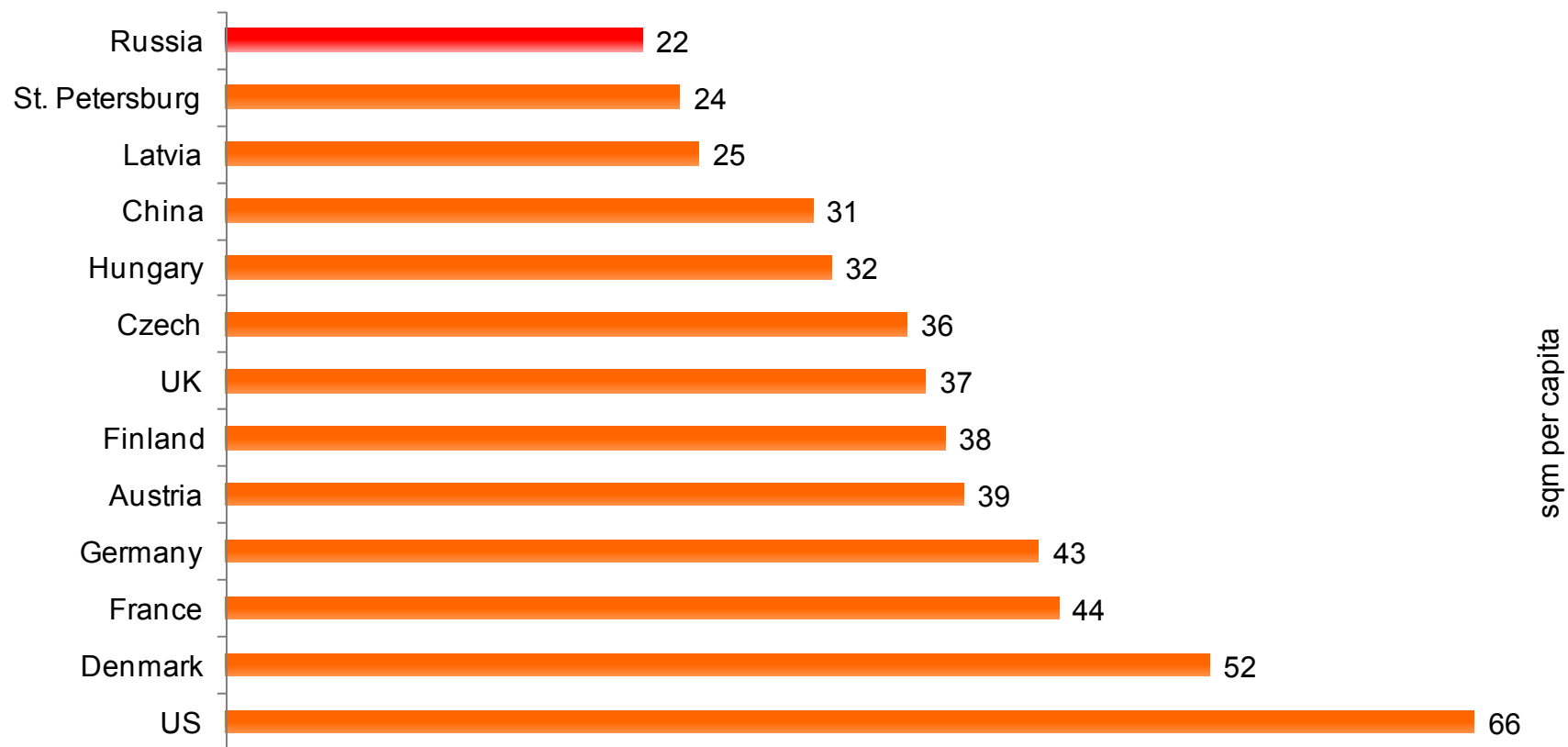


Source: Company

Source: Central Bank of Russia, SPb Mortgage Agency, RBC, European Mortgage Federation  
 Note: 1) As of 1 February 2010

# Need For Housing In The Long-Term

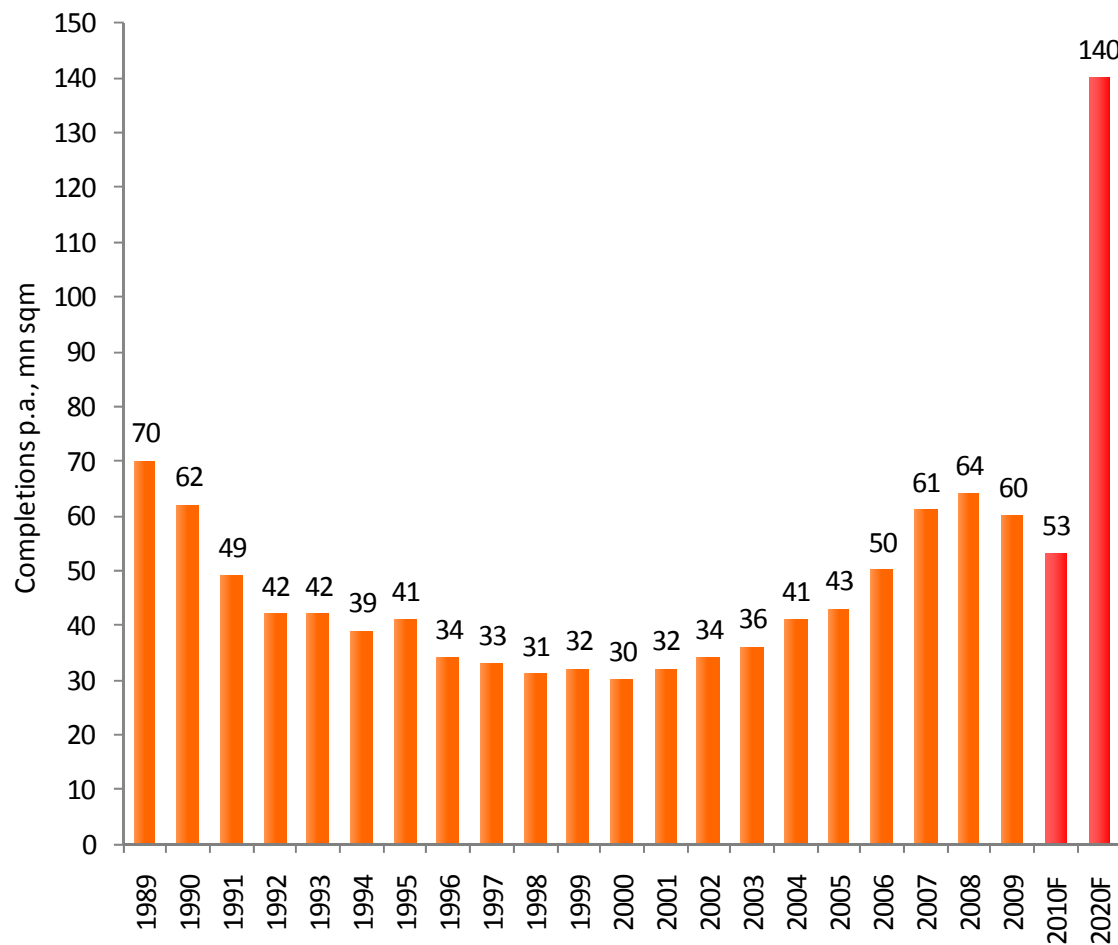
Housing stock in sqm per capita



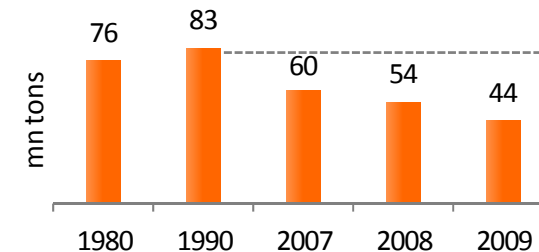
Source: Rosstat, UNECE

# Production Of Basic Building Materials In Russia

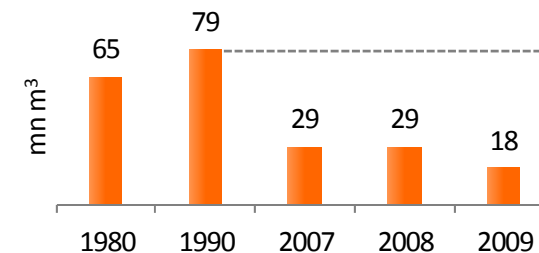
### Residential construction activity in Russia



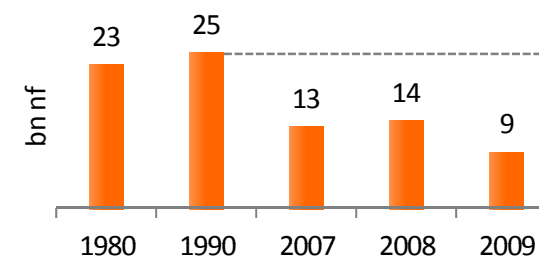
### Cement



### Reinforced concrete items



### Bricks



Source: For 1989-2009 - Rosstat, for 2010 - Decree of the Russian Government dated 23 December 2009 №1069 "On changes to the federal program "Zhilishe" on 2002-2010", for 2020 - Development strategy (priority areas of activity) of the Russian Housing Development Foundation dated 19 November 2009 (protocol №17)

Source: Rosstat

# Long-Term Outlook For Building Materials Is Very Attractive



- Substantial undersupply of real estate assets
- Supply-side of building materials industry is constrained
  - Significant part of the production capacity is obsolete
  - Large part of the existing equipment park dominated by non-efficient processes and technology
  - Utilisation rates close to production capacity over the last years preceding the recession
- The sector benefits from high barriers to entry
  - Construction of greenfield factory is a time-consuming and capital intensive project
  - Limited access to raw materials sources (such as granite, sand and clay)
  - Scale advantage on brand and operations
- Large infrastructure pipeline of projects announced by the government

# Key Infrastructure Projects Announced In St. Petersburg

## Transportation

- Expansion of St. Petersburg underground system. 20 new stations and 40km of lines planned by 2020
- Orlovsky tunnel to link northern and central parts of St. Petersburg
- Ground Express to link city centre and suburbs
- High-Speed federal road Moscow – St. Petersburg
- St. Petersburg Ring road
- St. Petersburg second Ring road
- Western High Speed Diameter (high speed road to link northern, central and south districts of St. Petersburg)
- Construction and reconstruction of 33 bridges in St. Petersburg
- Sea passenger terminal
- Sea port infrastructure
- New international airport



## Energy

- Three new heat and power plants
- Two new blocks of Leningrad Nuclear Station

## Other

- New football stadium
- Second stage of Mariinsky Theatre





# Agenda

1. Review of 2009 results

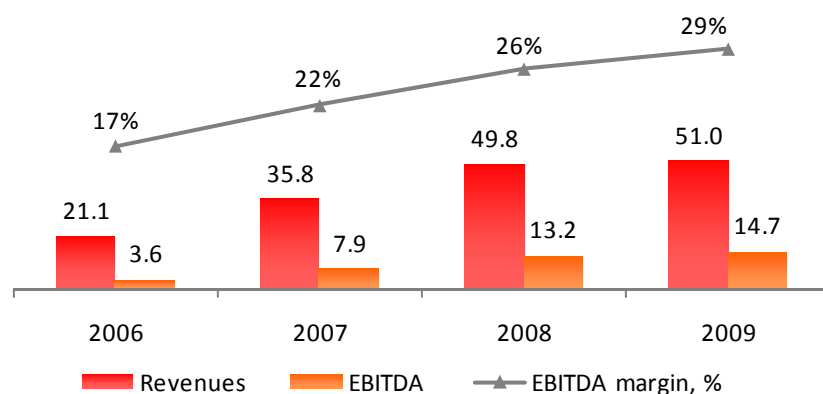
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# LSR Group: Business With Strong Growth History

Sales and EBITDA<sup>1</sup> dynamics (RUB bn)



Source: Audited consolidated IFRS financial statements

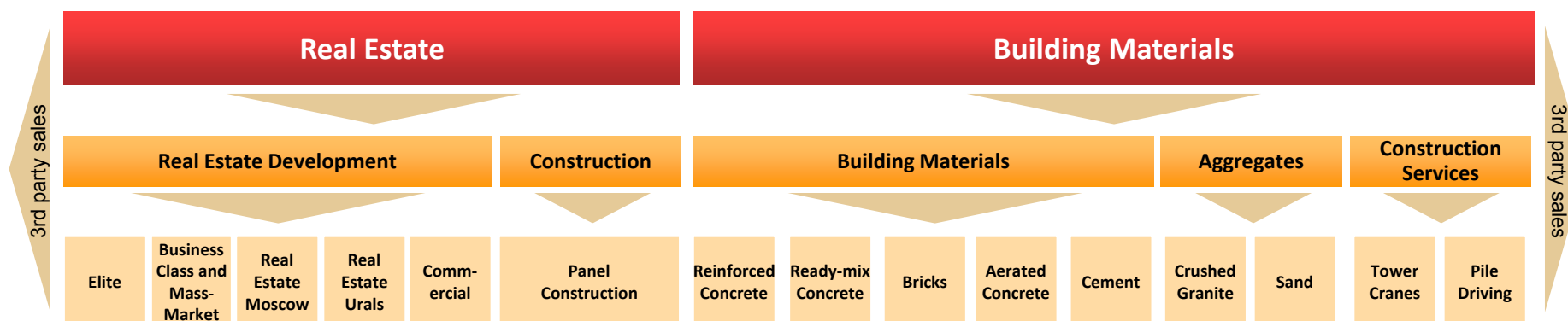
## Real Estate Division

- Residential Real Estate Development market leader in St. Petersburg with a growing presence in Moscow/the Moscow region and Urals
- Focus on Mass-Market and Elite segments of residential real estate
- In-house construction capacity

## Building Materials Division

- Leading supplier of building materials in Russia
- Wide range of products and related services: reinforced, ready-mix and aerated concrete, bricks, crushed granite, sand, construction services
- Substantial proven raw materials reserves

## Integrated Business Model Proven in Challenging Market Conditions



Notes: 1) EBITDA is equal to operating profit plus depreciation and amortization of fixed assets and intangible assets less changes in the fair value of investment property plus impairment of goodwill

# Experienced And Committed Management At All Levels Of Organisation



## Senior Managers: 17 years with LSR

<b>CEO</b>	<b>Real Estate</b>	<b>Building Materials</b>	<b>CFO</b>
Igor Levit	Evgeny Yatsyshin	Georgy Vedernikov	Elena Tumanova

## Business Units Managers: Strong business force at field level

<b>Cement</b>	<b>Elite Real Estate</b>	<b>LSR Urals</b>	<b>Ready-Mix Concrete</b>	<b>Sand</b>	<b>Crushed Granite</b>	<b>Bricks</b>
Mikhail Romanov	Georgy Bogachev	Andrey Bibikov	Andrey Vedernikov	Alexey Yushkov	Vasily Kostritsa	Sergey Begoulev
17	17	15	14	12	11	11
17	17	15	14	12	13	11

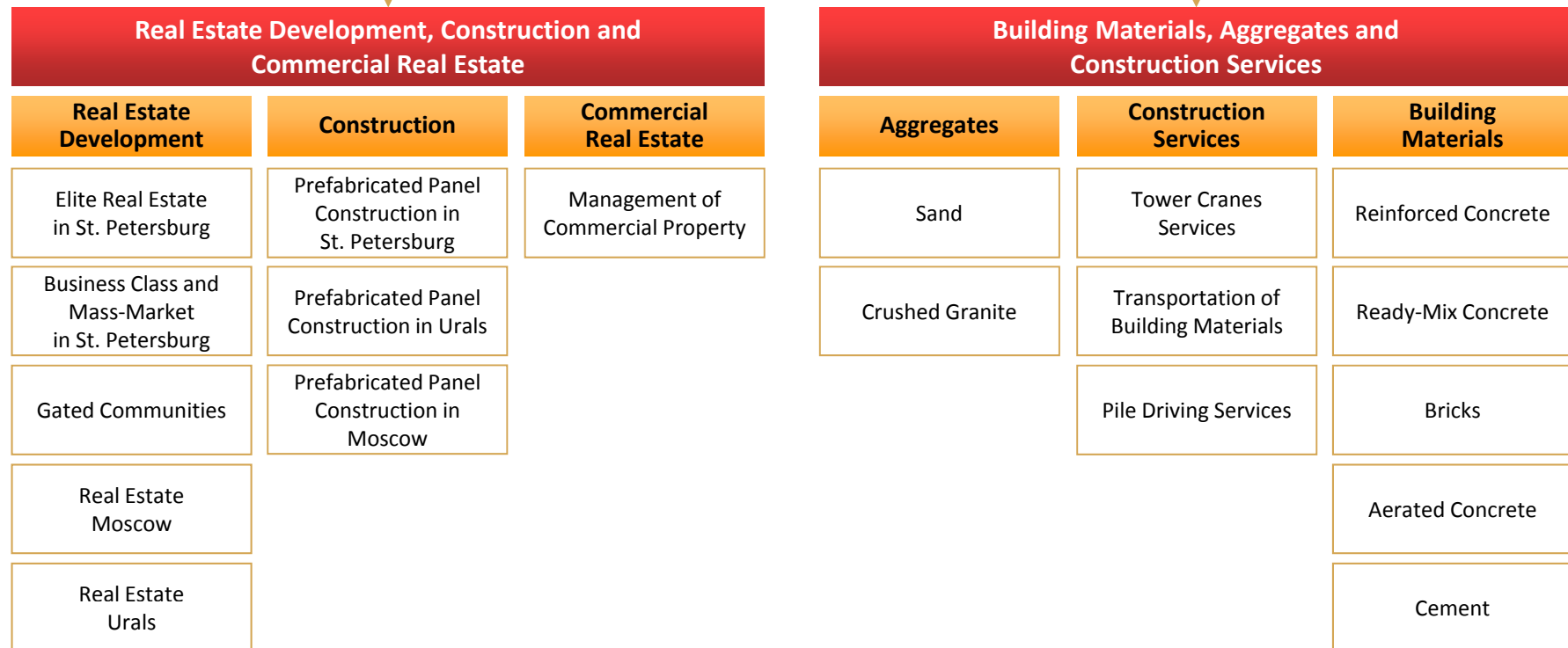
  

<b>LSR Moscow</b>	<b>Tower Cranes Services</b>	<b>Business Class and Mass-Market RE</b>	<b>Construction</b>	<b>Reinforced concrete</b>	<b>Commercial Real Estate</b>	<b>Aerated Concrete</b>
Ivan Romanov	Yury Ponyatovsky	Yury Belyshev	Vladimir Chernyaev	Dmitry Smirnov	Yury Ilyin	Ivar Paplavskis
10	10	9	8	8	5	4
11	19	35	32	14	5	20

# Group Structure



## LSR Group



# Real Estate Development Overview

Key Business Units	Brands	Real Estate Portfolio		Key Financials			
		31.12.2009		2008 (RUB m)		2009 (RUB m)	
		NSA (th. sqm)	MV (RUB m)	Sales	EBITDA	Sales	EBITDA
Elite (St. Petersburg)		535	29,920	3,930	1,819	12,951	6,493
Mass-Market and Business Class (St. Petersburg)		6,353	55,246	5,180	1,588	8,031	2,426
Real Estate Urals		874	6,018	2,012	333	1,805	233
Real Estate Moscow		89 <sup>1</sup>	4,990 <sup>1</sup>	495	245	13	(26)

Source: Audited consolidated IFRS financial statements, DTZ valuation as of 31.12.2009

Note: Business unit results are before inter-segment and inter-group eliminations

1) Excluding our business center in Moscow occupied by LSR Group

# Panel Construction: Quick and Cost-Efficient Method of Construction of Mass Market Housing



## Key financials

RUB m	2008	2009
Sales volume (th. sqm)	464	499
Sales	13,064	12,756
EBITDA	3,121	3,213
EBITDA margin	24%	25%

Source: Audited consolidated IFRS financial statements

## Customer Mix (St. Petersburg)

RUB m	2008	2009
LSR Group	27%	36%
Government	36%	58%
3 <sup>rd</sup> Party developers	37%	6%

Source: Company



**Modernization and extension of existing capacity in St. Petersburg**

2007  
Construction capacity  
**370 th. sqm**

2009  
Construction capacity  
**600 th. sqm**

Planned capacity increase to  
**750 th. sqm**

### Modernisation effects:

- Productivity growth
- Energy and raw materials cost reduction
- Greater design flexibility
- Further quality improvement

Moscow: 2009  
panel production capacity  
**200 th. sqm**

Yekaterinburg: 2009  
panel production capacity  
**200 th. sqm**



# Building Materials

	Key Business Units	Brands	Key Financials				
			2008 (RUB m)		2009 (RUB m)		
			Sales	EBITDA	Sales	EBITDA	
Building Materials	Reinforced Concrete		6,001	1,484	3,792	117	Economies of scale based on mass production
	Ready-Mix Concrete		5,732	612	2,249	76	
	Bricks		2,709	1,038	1,331	176	
	Aerated Concrete		2,590	310	1,633	70	
Aggregates and Services	Sand		3,843	2,014	2,106	1,092	Extensive reserves
	Crushed Granite		3,145	1,132	1,522	278	
	Tower Cranes		1,335	624	1,076	507	Large fleet

Source: Audited consolidated IFRS financial statements

Note: Business unit results are before inter-segment and inter-group eliminations

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# Income Statement

RUB m	FY 2008	FY 2009
<b>Sales revenue</b>	<b>49,813</b>	<b>51,024</b>
Cost of sales	(31,807)	(32,279)
Gross profit	18,006	18,744
Distribution, G&A and other expenses	(7,266)	(5,968)
Changes in fair value of investment property (non-cash)	(16,143)	(1,752)
Write-down of inventory	-	(529)
<b>Operating profit / (loss)</b>	<b>(5,404)</b>	<b>10,495</b>
Net financial expenses	(4,858)	(4,560)
<b>Profit / (loss) before income tax</b>	<b>(10,262)</b>	<b>5,935</b>
Income tax expense / (benefit)	2,255	(1,345)
<b>Net profit / (loss)</b>	<b>(8,007)</b>	<b>4,590</b>
<b>EBITDA</b>	<b>13,178</b>	<b>14,732</b>
<b>EBITDA margin</b>	<b>26%</b>	<b>29%</b>
Depreciation & amortisation	2,049	2,406

Source: Audited consolidated IFRS financial statements, except EBITDA margin

# Balance Sheet

RUB m	31.12.08	31.12.09
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	28,314	31,843
Investment property under development	5,488	391
Investment property	1,925	2,305
Intangible assets	4,615	4,472
Other investments	125	49
Deferred tax assets	877	1,166
Trade and other receivables	1,206	1,941
Restricted cash	4,259	396
<b>Total non-current assets</b>	<b>46,810</b>	<b>42,564</b>
<b>Current assets</b>		
Other investments	134	124
Inventories	50,696	55,126
Income tax receivable	290	277
Trade and other receivables	12,661	9,329
Cash and cash equivalents	3,246	2,896
Restricted cash	-	35
Assets classified as held for sale	62	-
<b>Total current assets</b>	<b>67,089</b>	<b>67,751</b>
<b>Total assets</b>	<b>113,899</b>	<b>110,314</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	32	32
Share premium	14,563	14,563
Additional paid in capital	16,477	16,796
Foreign currency translation reserve	22	36
Retained earnings	3,231	7,945
<b>Total equity attributable to shareholders of the Company</b>	<b>34,325</b>	<b>39,372</b>
Non-controlling interest	649	249
<b>Total equity</b>	<b>34,973</b>	<b>39,621</b>
<b>Non-current liabilities</b>		
Loans and borrowings	18,864	24,433
Deferred tax liabilities	2,246	1,768
Trade and other payables	37	0.5
Provisions	2	0.7
<b>Total non-current liabilities</b>	<b>21,148</b>	<b>26,203</b>
<b>Current liabilities</b>		
Bank overdraft	58	-
Loans and borrowings	17,952	15,107
Income tax payable	323	633
Trade and other payables	38,550	28,184
Provisions	886	566
Liabilities classified as held for sale	8	-
<b>Total current liabilities</b>	<b>57,777</b>	<b>44,491</b>
<b>Total equity and liabilities</b>	<b>113,899</b>	<b>110,314</b>

# Cash Flow

RUB m	2008	2009
Net Income	(8,007)	4,590
Depreciation & amortization	2,049	2,406
Other, net	19,293	8,240
<b>Operating profit before changes in working capital and provisions</b>	<b>13,335</b>	<b>15,235</b>
Change in Inventories	(12,166)	(1,671)
Change in Trade and Other Receivables	(1,810)	4,147
Change in Trade and Other Payables	10,547	(7,693)
Increase/ decrease in provisions	176	(320)
<b>Cash flow from operations before income taxes and interest paid</b>	<b>10,083</b>	<b>9,698</b>
Income Taxes Paid	(2,752)	(1,756)
Interest Paid	(2,957)	(4,472)
<b>Cash flow from (utilised by) operating activities</b>	<b>4,373</b>	<b>3,470</b>
Capital Expenditures	(9,346)	(7,543)
Acquisitions	(5,573)	(3,229)
Disposals	395	968
Other	(3,624)	4,045
<b>Cash flow from (utilised by) investing activities</b>	<b>(18,149)</b>	<b>(5,759)</b>
Debt issued (repaid)	8,276	1,993
Other	(40)	-
<b>Cash flow from (utilised by) financing activities</b>	<b>8,236</b>	<b>1,993</b>
Net change in cash	(5,540)	(295)
Cash at beginning of period	8,593	3,188
Exchange rate fluctuations	134	(3)
<b>Cash and end of period</b>	<b>3,188</b>	<b>2,896</b>

Source: Audited consolidated IFRS financial statements

# Contacts

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