

Full Year 2015 Financial Results

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2015 Financial Highlights

Revenue

Revenue decreased by **6%** Y-o-Y to **RUB 86.8bn** driven by weaker building materials sales and cement disposal. In real estate, higher housing prices offset slightly lower deliveries.

EBITDA and EBITDA %

EBITDA declined by **14%** Y-o-Y to **RUB 18.6bn**. Disposal of cement business accounted for a significant portion of the decline.

Profit

Profit for the period rose **16%** Y-o-Y to **RUB 10.6bn**, a **company record**, helped by lower interest payments. EPS stood at **RUB 104.6**, resulting in a trailing earnings yield of **16%**.

Debt

Net debt reached **RUB 12.6bn**; Net debt/EBITDA ratio stood at **0.68**, leaving the Company with plenty of borrowing capacity for growth. Average cost of debt declined Y-o-Y by nearly 60 bp.

Real Estate Portfolio

Real estate portfolio was valued by Knight Frank at **RUB 136bn** (as of December 2015), versus the company's market cap of **RUB 70bn**.

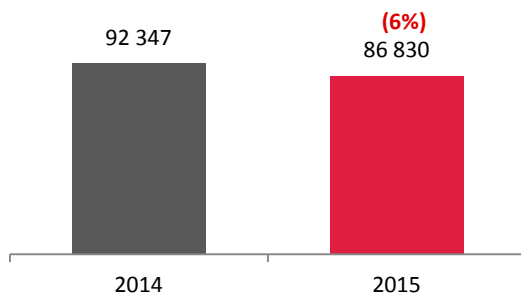
Dividend

BoD proposed a dividend of **RUB 78** per share, the 6th straight year of stable and/or increasing dividends. Dividend yield on the announcement date was **13%**.

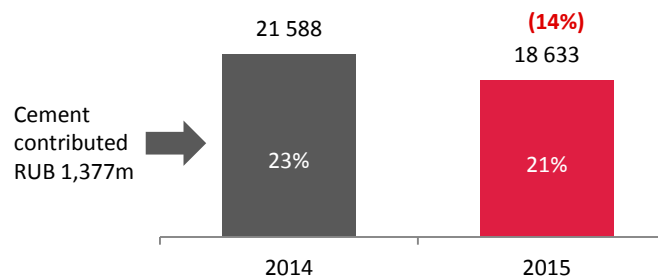
Revenue and EBITDA Breakdown

- Total revenue and EBITDA decline resulted from weaker materials business and divestment of cement plant
- Cement plant generated 18% of building materials revenue in 2014 and 26% of its EBITDA
- Crushed granite sales fell as infrastructure projects in Northwest region were delayed
- Real estate and construction revenue were flat as higher home prices offset lower deliveries

Revenue (RUB m)

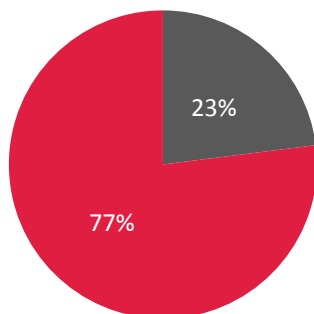


EBITDA (RUB m)

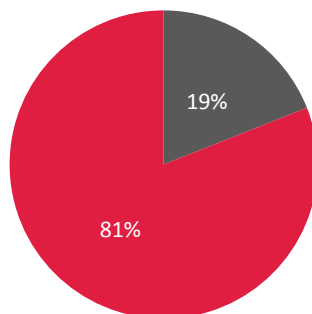


Revenue (RUB m)*

2014

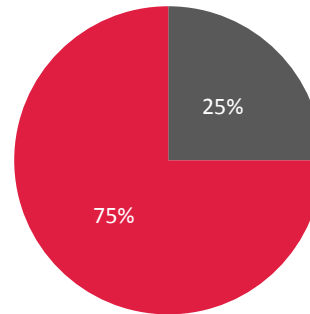


2015

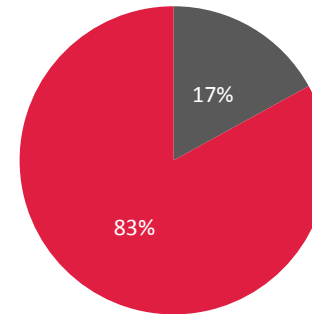


EBITDA (RUB m)*

2014



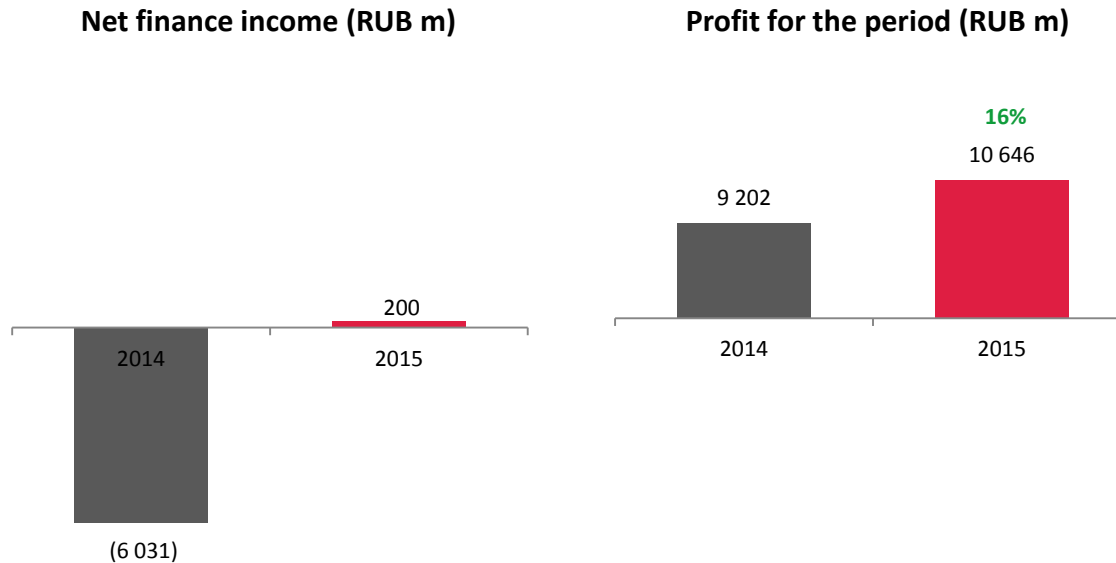
2015



* Before intergroup eliminations, unallocated amounts and other operations

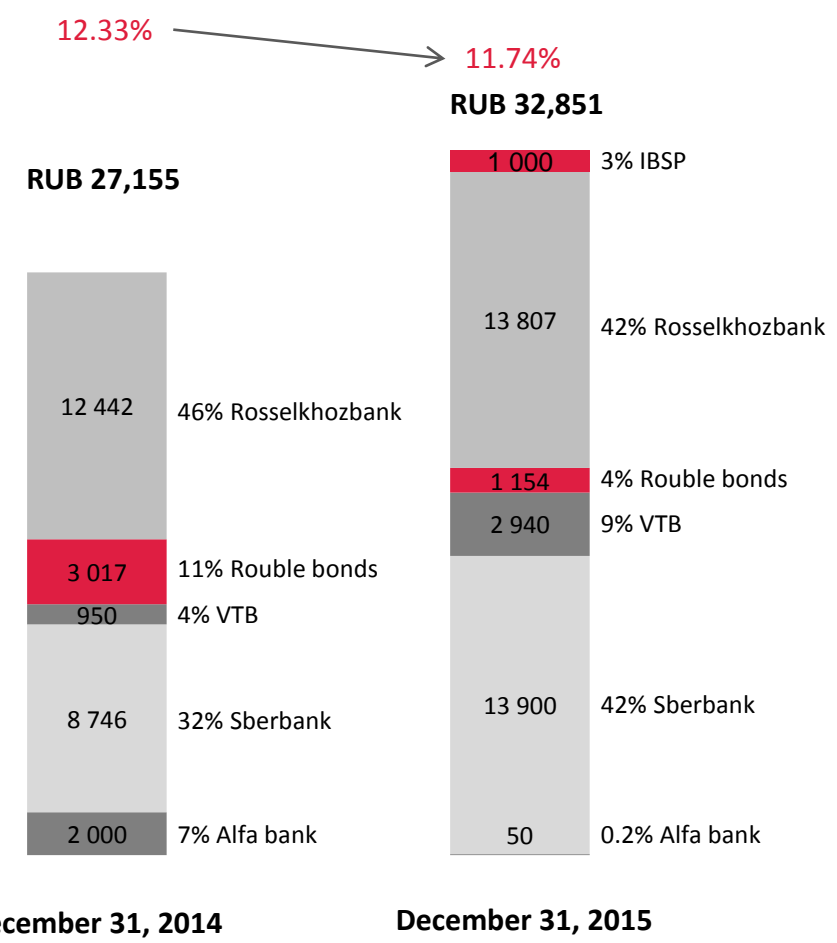
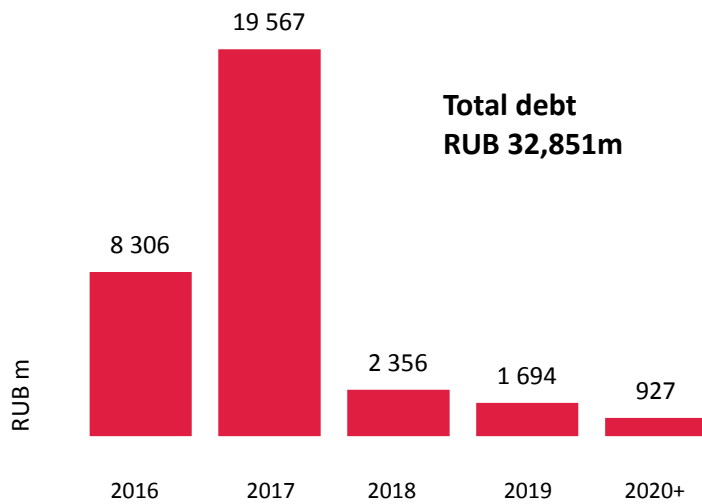
Profit for the Year

- The 2015 profit of RUB 10,646m rubles was the highest in the company's 23 year history
- Profit rose 16% versus 2014 despite slightly lower revenue, helped by lower interest payments and higher interest income
- The cement plant sale and surge in cash from pre-sales in late 2014 helped generate + RUB 200m in net finance income for 2015.



Debt Maturity Profile

- Total debt reached RUB 33bn as of December 31, 2015. The average interest rate of 11.74% was down nearly 60 bp Y-o-Y
- Net debt/EBITDA still remained well below EM peers at 0.68
- Company has no foreign debt exposure
- Company to refinance short-term debt

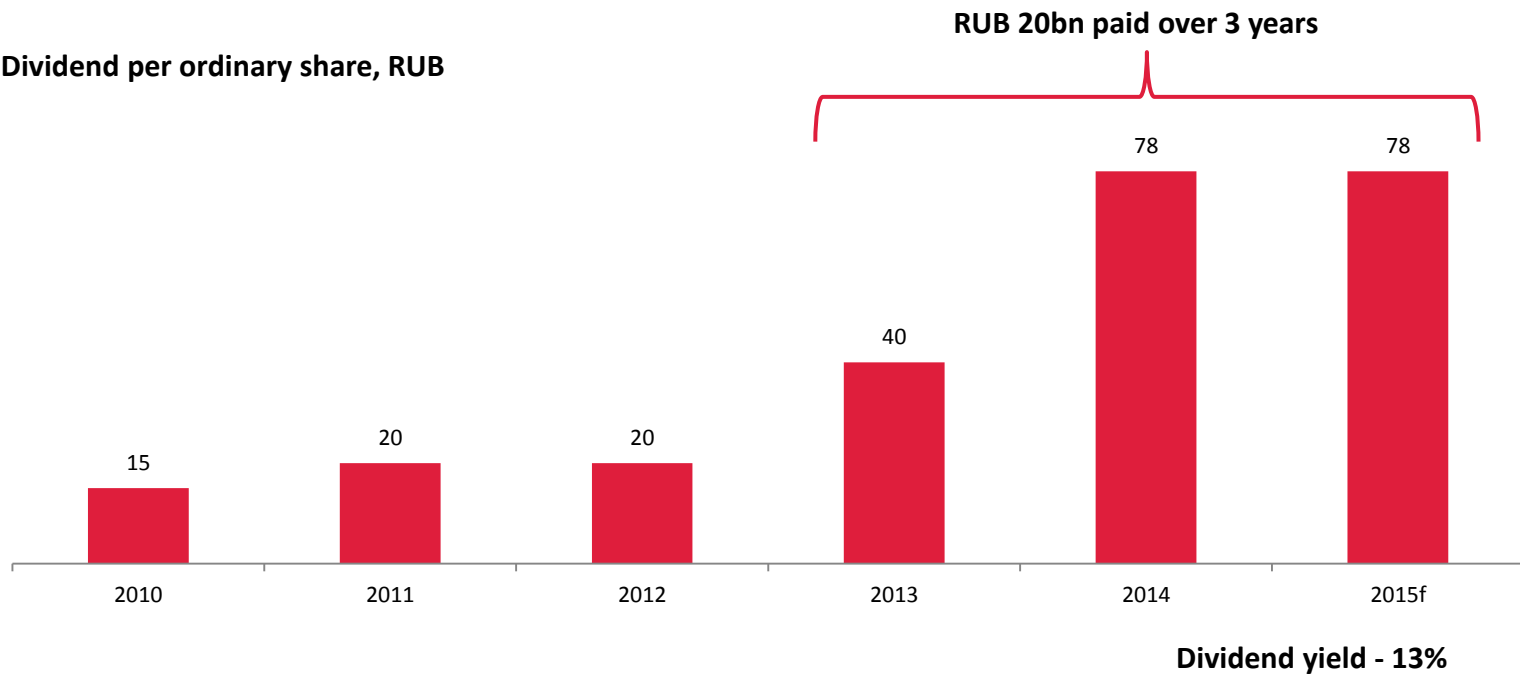


Note: *excluding finance lease liability and other loans
Source: Company

Dividend Policy

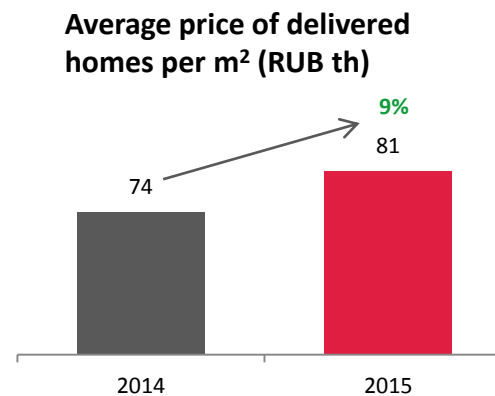
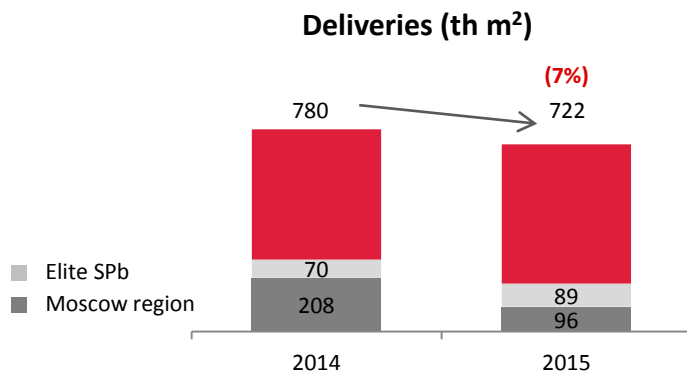
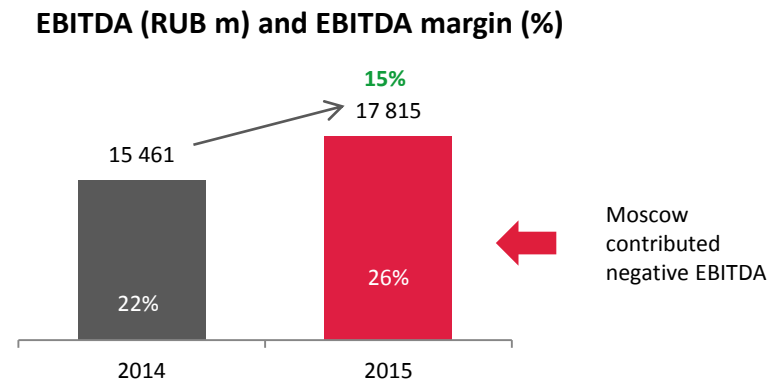
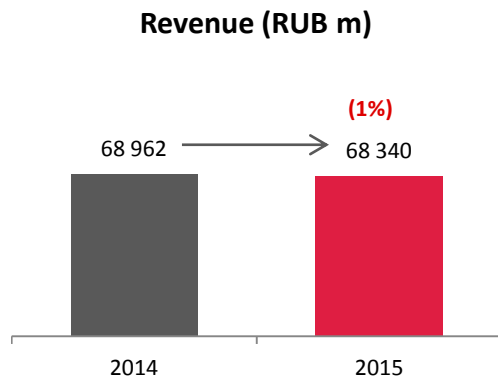
- LSR intends to allocate at least 50% of net profit (IFRS) for dividends in the coming years
- BoD recommendation to pay out a dividend of RUB 78 per ordinary share for 2015 FY represents 75% of net income
- LSR intends to maintain its dividend policy of stable to increasing payouts per share
- LSR will have paid out RUB 20bn in dividends over the last three years, which is equivalent to almost 30% of the company's current market cap

Dividend per ordinary share, RUB



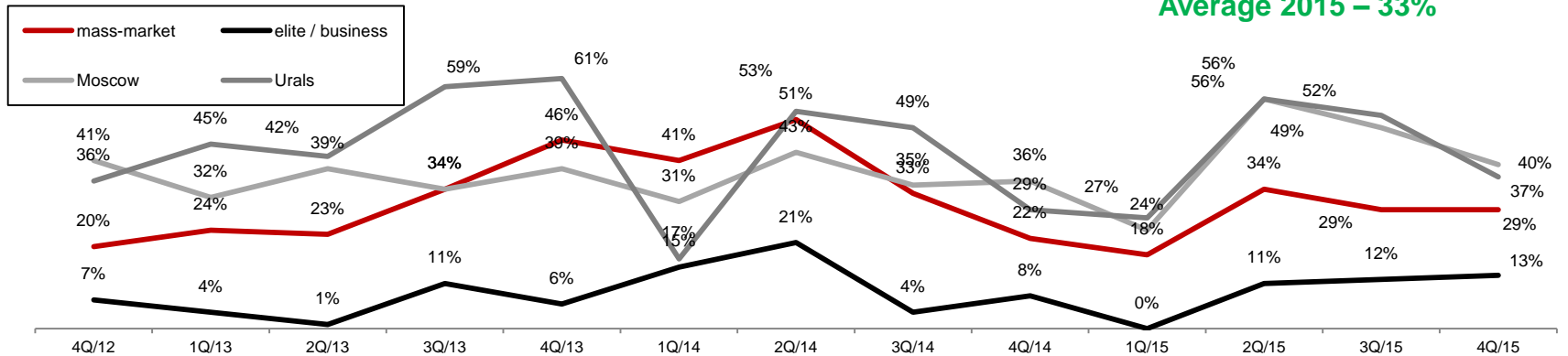
Real Estate & Construction

- Real estate and construction division revenue remained flat as higher average home prices offset lower deliveries
- EBITDA and margin grew on back of higher share of elite deliveries in mix. Average price of delivered elite homes rose 21%.
- Moscow's contribution to EBITDA starts in 2016 with deliveries at Donskoy Olymp project



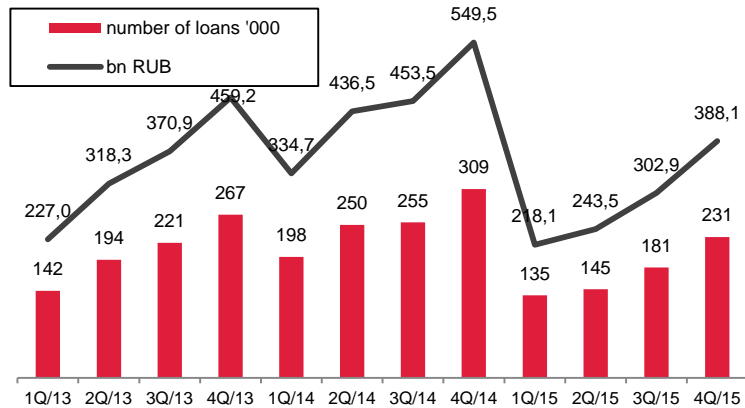
Mortgage Lending

LSR mortgage sales in Regions by number of deals



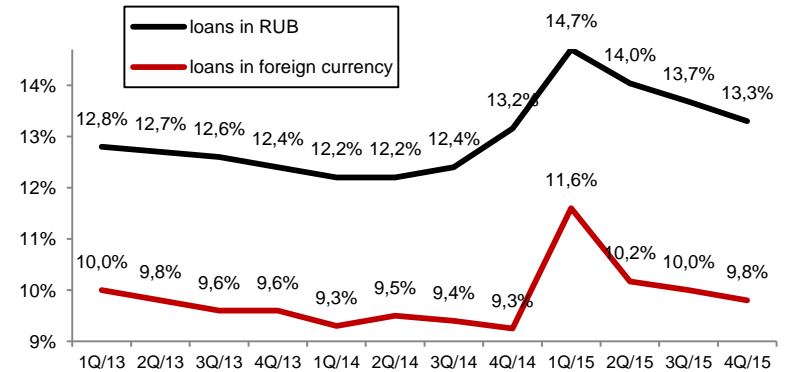
Source: Company

Mortgage lending in Russia



Source: CBR

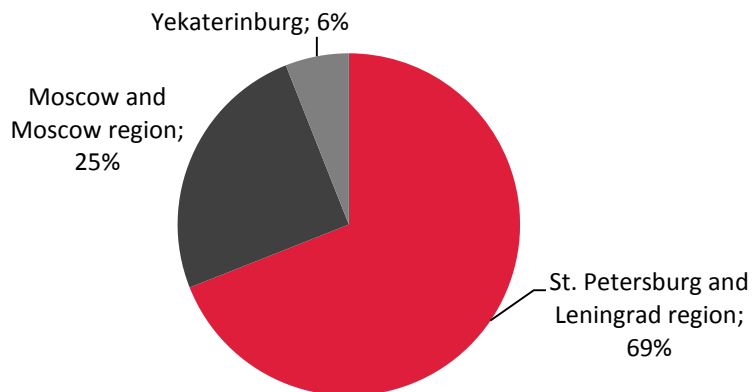
Average mortgage rates in Russia



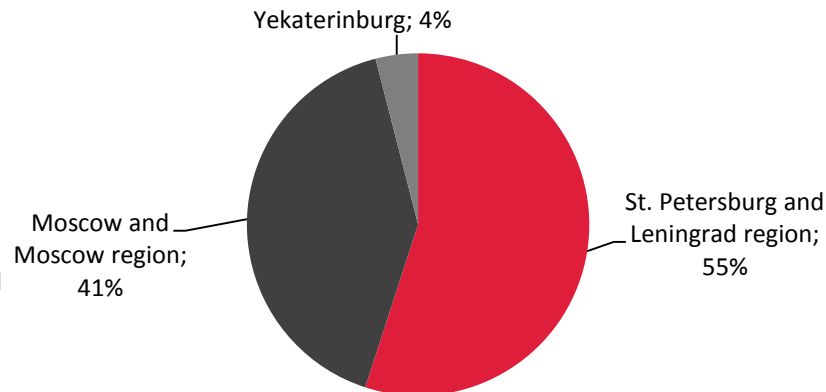
Source: CBR

Portfolio Valuation: Regional Breakdown

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



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



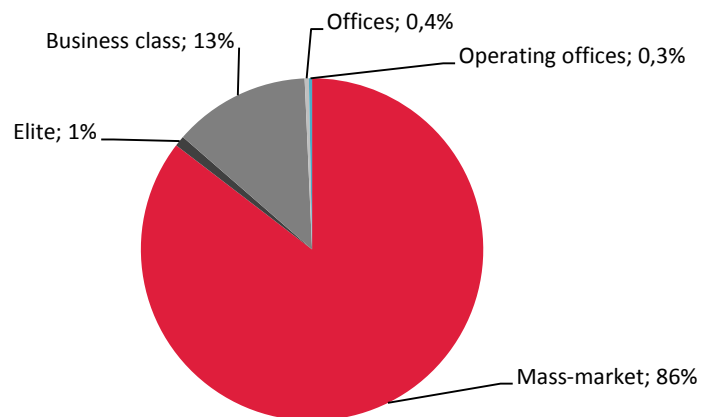
Region	NSA ('000 m ²)	% of total	MV (RUB m)	% of total
St. Petersburg and Leningrad region	6 411	69%	74 135	55%
Moscow and Moscow region	2 295	25%	55 938	41%
Yekaterinburg	593	6%	5 964	4%
Total	9 298	100%	136 038	100%

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

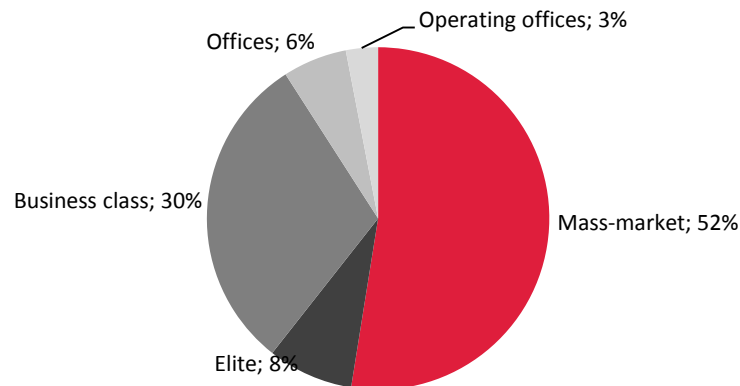
Source: Knight Frank valuation as of 31.12.2015

Portfolio Valuation: Segment Breakdown

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



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



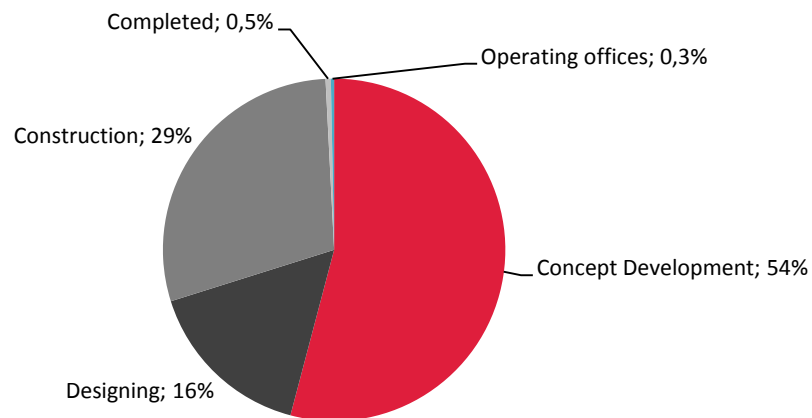
Segment of property	NSA ('000 m ²)	% of total	MV (RUB m)	% of total
Mass-market	7 988	86%	71 139	52%
Elite	65	1%	11 224	8%
Business class	1 178	13%	40 909	30%
Offices	42	0.4%	8 738	6%
Operating offices	25	0.3%	4 028	3%
Total	9 298	100%	136 038	100%

Well-balanced portfolio with focus on mass-market residential housing

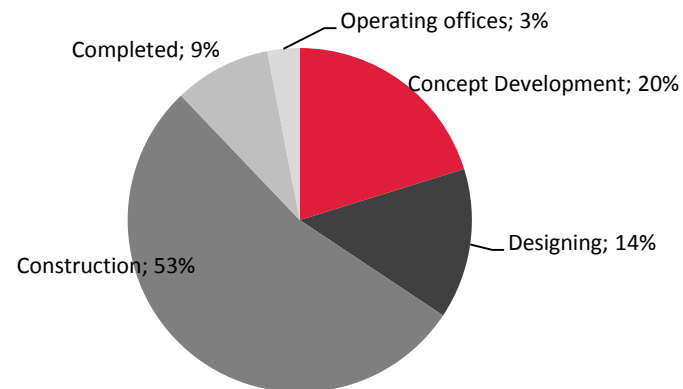
Source: Knight Frank valuation as of 31.12.2015

Portfolio Valuation: Development Breakdown

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



Breakdown of portfolio by stage of development (Market Value)



Stage of development	NSA ('000 m ²)	% of total	MV (RUB m)	% of total
Concept Development	5 034	54%	27 728	20%
Designing	1 474	16%	19 586	14%
Construction	2 723	29%	71 908	53%
Completed	42	0.5%	12 787	9%
Operating offices	25	0.3%	4 028	3%
Total	9 298	100%	136 038	100%

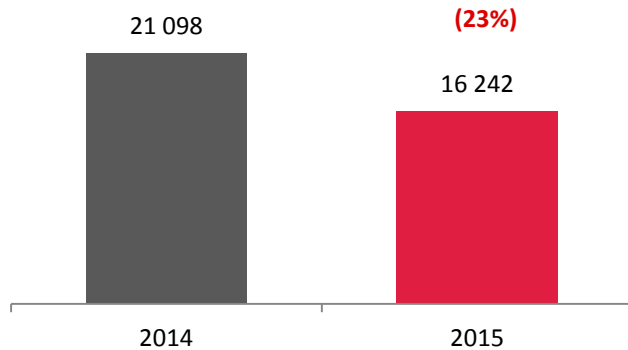
We aim to match the stages of development of our portfolio with the levels of demand for real estate

Source: Knight Frank valuation as of 31.12.2015

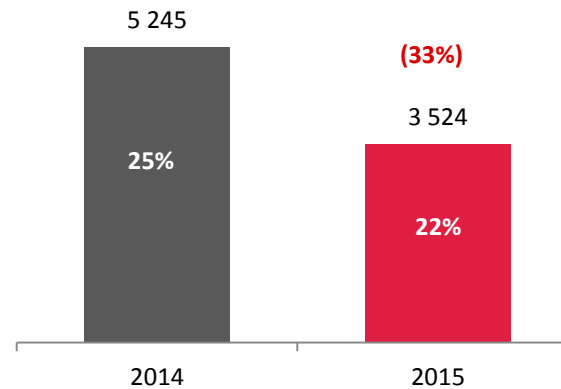
Building Materials

- Cement plant divestiture impacted building materials division as it accounted for 18% of revenue and 26% of EBITDA
- Ready-mix concrete hurt by decrease in new project launches
- Aggregates affected by delay in infrastructure projects in North-West region
- Bricks and aerated concrete held up well as homebuilders rushed to complete projects

Revenue (RUB m)



EBITDA (RUB m) and EBITDA margin (%)



Agenda

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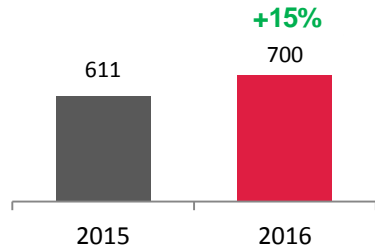
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2016 Guidance and Highlights

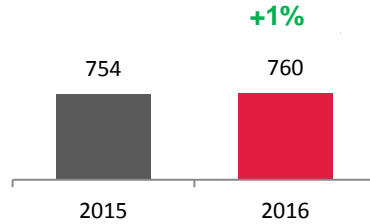
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Operating Guidance 2016

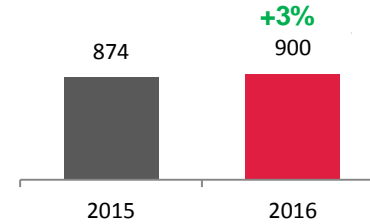
New contract sales ('000' m²)



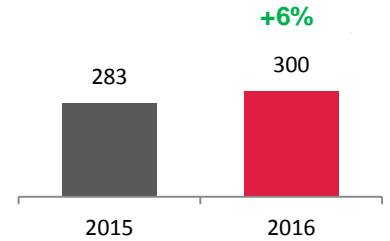
Completions ('000 m²)



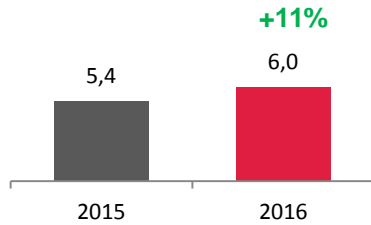
Construction ('000 m²)



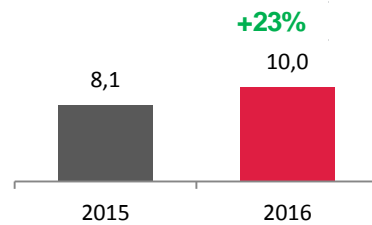
Reinforced concrete (th m³)



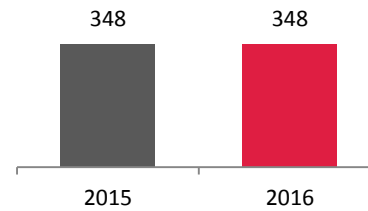
Crushed granite (m m³)



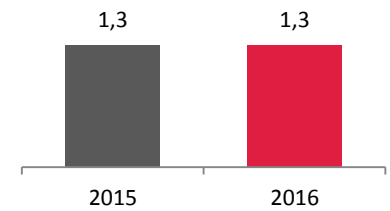
Sand (m m³)



Bricks (m units)



Aerated concrete (m m³)



2016 Highlights

Pre-sales

Pre-sales have started the year strong rising **71% Y-o-Y** by m² over the first two months of 2016. This compares with our full year 2016 pre-sales guidance of 15% growth by volume.

Mortgage Lending

The state subsidized mortgage program, which helped drive new apartment sales in 2015 amid high inflation, has been extended for another year. Maximum subsidized rates are still 12%.

New Projects

Pre-sales launched at new large-scale projects both in Moscow and St. Petersburg. Combined they account for 1.3m m².

Corporate Governance

Steps taken to improve corporate governance: two new independent directors with extensive management experience at leading Russian companies nominated.

2016 Major Project Launches

- In 2016 company plans to start-pre-sales of nearly 890 th m²
- Luchi (Moscow) launched in February 2016
- Civilization (St. Petersburg) launched in March 2016
- ZILART Lot 6 brought to market in March. Total NSA – 37 th m².
- ZILART Lots 1, 2, 3, 7, 8, 9 & 10 to be launched by the end of summer 2016. Total NSA – 256 th m².



ZILART
Land plot – 65 ha
Total NSA – 979 th m²
Start of pre-sales – Sep 2015
Completion – 2025



LUCHI
Land plot – 39 ha
Total NSA – 476 th m²
Start of pre-sales – Feb 2016
Completion – 2022



CIVILIZATION
Land plot – 60 ha
Total NSA – 824 th m²
Start of pre-sales – March 2016
Completion – 2026