

# PIK GROUP

IFRS financial results and Portfolio valuation summary for the 12 months ended December 31, 2016



# PIK Group Overview

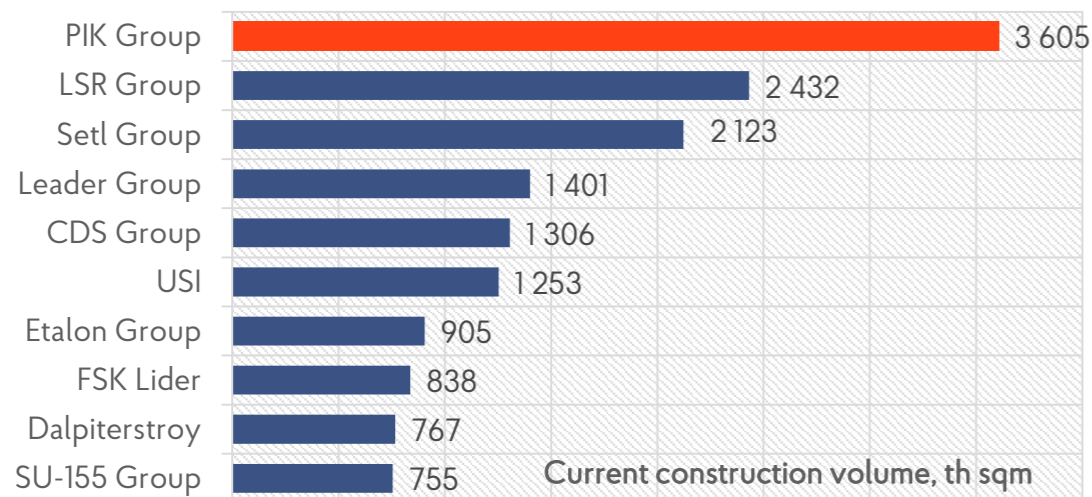
PIK Group Operational  
and Financial results

Portfolio valuation results

2017-2018 Strategy

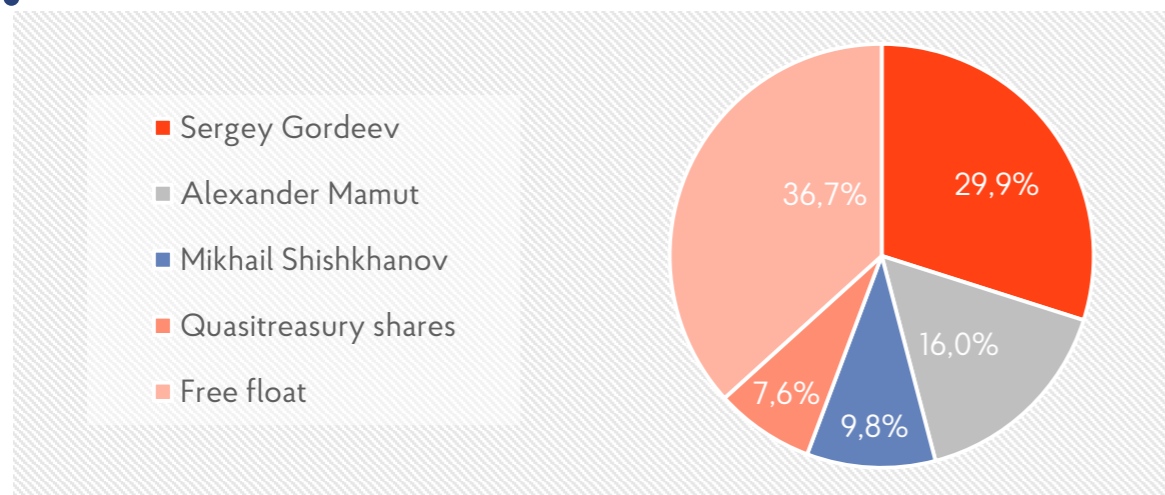
# PIK – Russia’s Leading Residential Real Estate Developer

## Leading residential real estate developer by construction volumes<sup>1</sup>



<sup>1</sup> Source: National Association of Property Developers data as of 2 April 2017

## Shareholder structure as of April 1, 2017



## Operational highlights

	2012	2013	2014	2015	2016
New NSA offered to customers (th. sqm)	697	606	645	908	1 158
Buildings put on sale	49	52	43	50	63
New contract sales (th. sqm)	658	677	620	625	950
NSA unsold as of end of year (th. sqm)	6 537	6 922	5 161	5 476	12 512
Share of mortgage sales	28,5%	39,0%	36,2%	39,1%	50,0%

## Financial highlights

	2012	2013	2014	2015	2016
Revenue (Rub bln.)	66,1	62,5	61,3	51,1	60,1
Cash Collections (Rub bln.)	67	75	62	69	101
EBITDA (Rub bln.)	10,6	14,0	12,5	13,7	11,4
EBITDA Margin (%)	16,1	22,4	20,4	28,6	19,0
Gross Debt (Rub bln.)	43	29	25	13	65,5
Net debt (Rub bln.)	38,1	18,0	10,2	(3,9)	40,7

# Results of acquisition of Morton

Acquisition price: RUB 11,7 billion

## Key Morton assets

### Land Bank

NSA: 4,6 million sqm

Market value: RUB 53,6 billion

### DSK-Grad plant

Production capacity: 500 sqm p/a

## Results of integration:

- Company is #1 residential developer in Russia in terms of construction volumes
- All projects will be developed under the “PIK” brand
- Full consolidation of assets and liabilities in consolidated IFRS as of YE2016
- Combined land bank evaluated by an independent appraiser as of YE2016
- Morton debt was refinanced under more favorable and longer-term conditions
- All business processes conducted via PIK IT-platform

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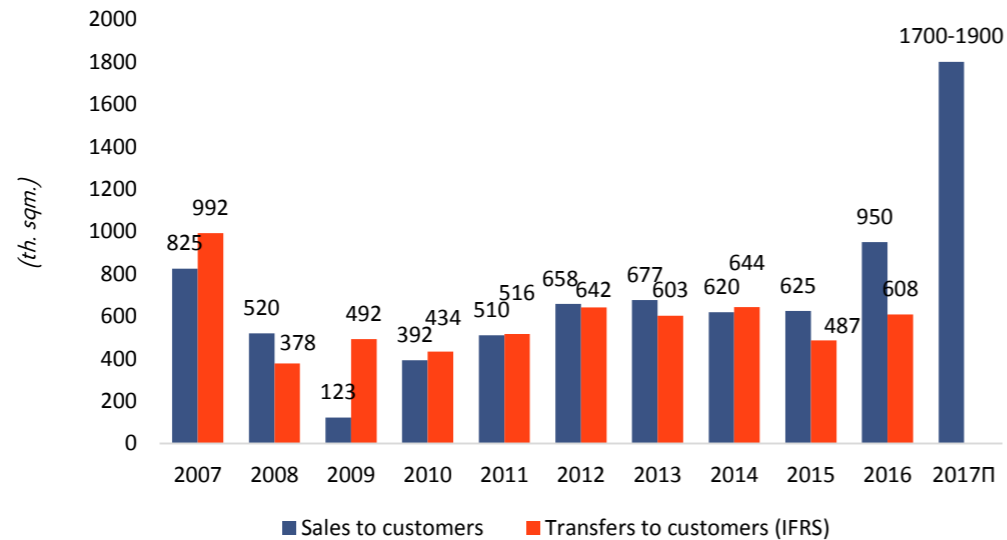
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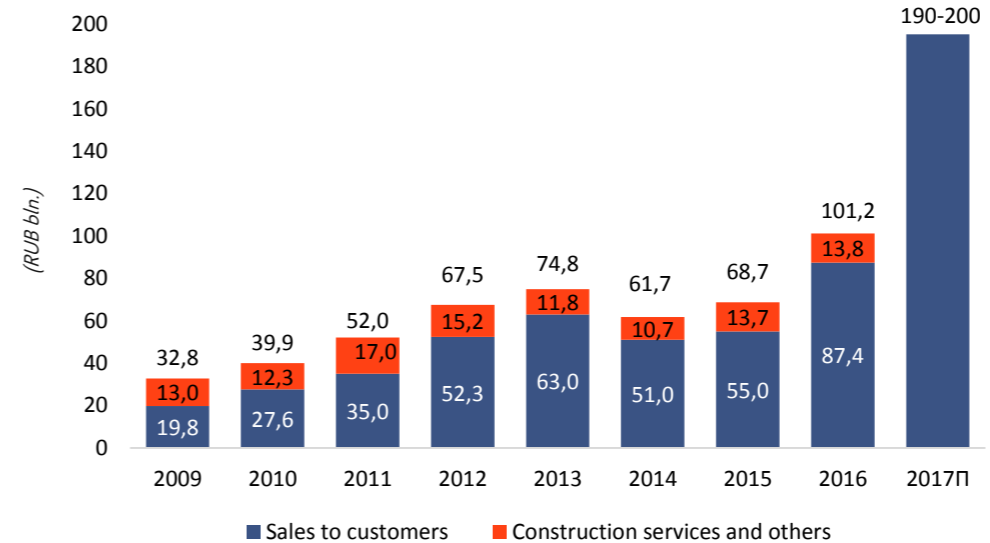
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# Sales and Cash Flow

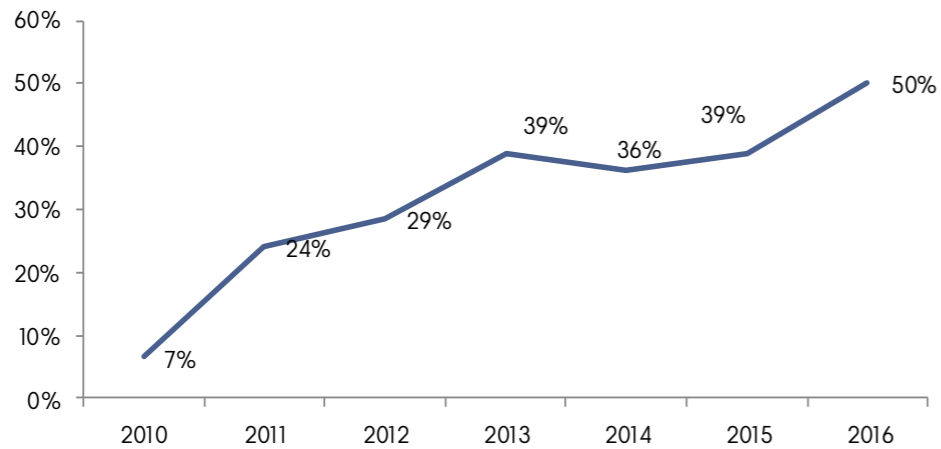
## Real estate sales and transfers to customers



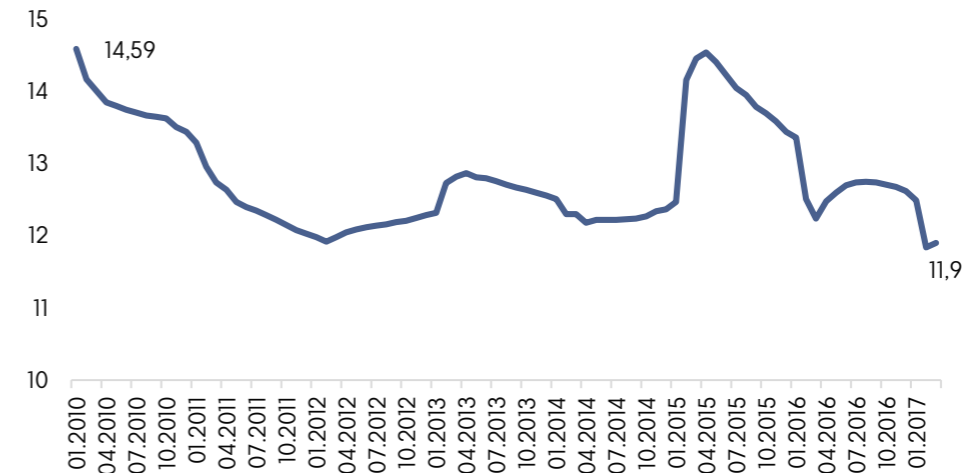
## Total cash collections



## Share of mortgage sales



## Average mortgage interest rates in Russia



Source: IFRS, management accounts.

# Key Financial Results

In RUB billion unless otherwise stated	2013	2014	2015	2016
Revenue	62,5	61,3	51,1	60,1
Transfers to customers, th. sqm	603	644	487	608
Revenue from sale of real estate	53,3	54,3	42,9	54,0
Implied average price, th. RUB/sqm	88,4	84,3	88,2	88,8
Gross profit	17,7	16,0	17,6	18,6
Gross profit margin, %	28,5%	27,2%	34,5%	32,0%
adj. EBITDA	14	12,5	13,7	11,4
adj. EBITDA margin, %	22,4%	20,4%	26,8%	19,0%
Net income	7,4	3,8	11,4	20,5
Net debt	18	10,2	(3,9)	40,7
Equity	20,6	21,3	32,7	55,3
Operational cash flow	12,5	12,1	14,4	28,3

Source: management accounts, IFRS

Презентация ПАО «ГК ПИК»

# Key financial results 2015/2016

## Sales revenue by segment

<i>In RUB billion</i>	2015	2016	change, %
Revenue from sale of real estate	42,9	54,0	25,8%
Revenue from construction services	4,0	1,5	-62,4%
Revenue from sale of construction materials and other sales	4,2	4,6	9,0%
	<b>51,1</b>	<b>60,1</b>	<b>17,5%</b>

## Implied revenue per sq. meter of transferred properties

	2015	2016	Change, %
Revenue from sale of real estate, RUB bn	42,9	54,0	25,8%
Transfers to customers, 000' sqm	487	608	24,8%
<b>Implied revenue per sq. meter of transferred property, 000' RUB/sqm</b>	<b>88,2</b>	<b>88,8</b>	<b>0,7%</b>

## Adjusted EBITDA

	2015 RUB mln	2016 RUB mln
Net profit for the year	11 449	20 465
Depreciation and amortization	1 124	930
Interest expense	3 741	3 185
Interest income	(1 338)	(2 356)
Income tax expense	1 833	2 689
<b>EBITDA</b>	<b>16 809</b>	<b>24 913</b>
Adjustments	3 100	13 468
<b>Adjusted EBITDA</b>	<b>13 709</b>	<b>11 445</b>
Adjusted EBITDA margin, %	26,8%	19,0%
Land acquisition portion included in cost of sales	1 389	1 484
<b>Adjusted EBITDA before land acquisition portion included in cost of sales</b>	<b>15 098</b>	<b>12 929</b>
Adjusted EBITDA before land acquisition portion included in cost of sales margin, %	29,5%	21,5%

Source: IFRS



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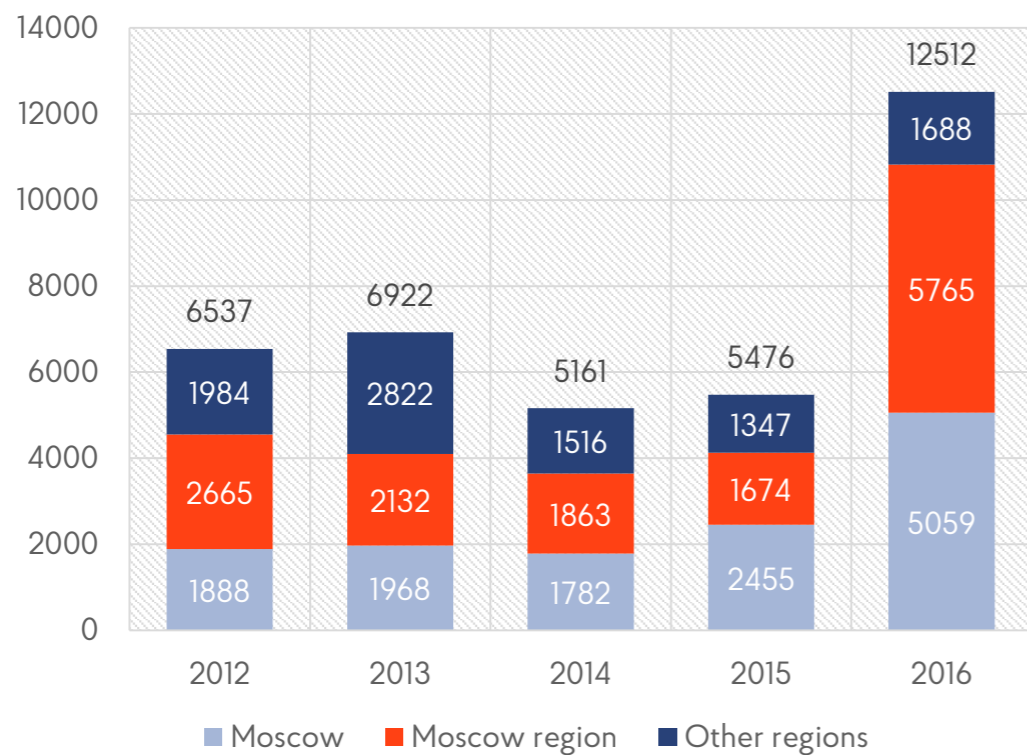
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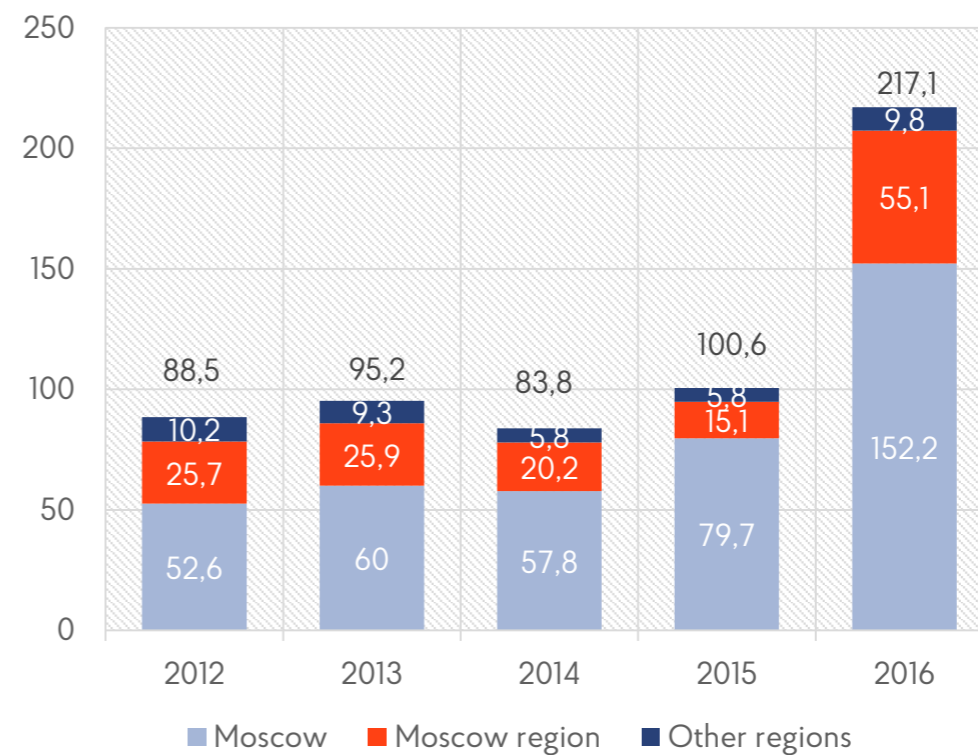
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# Land bank dynamics

Land bank dynamics, th sqm



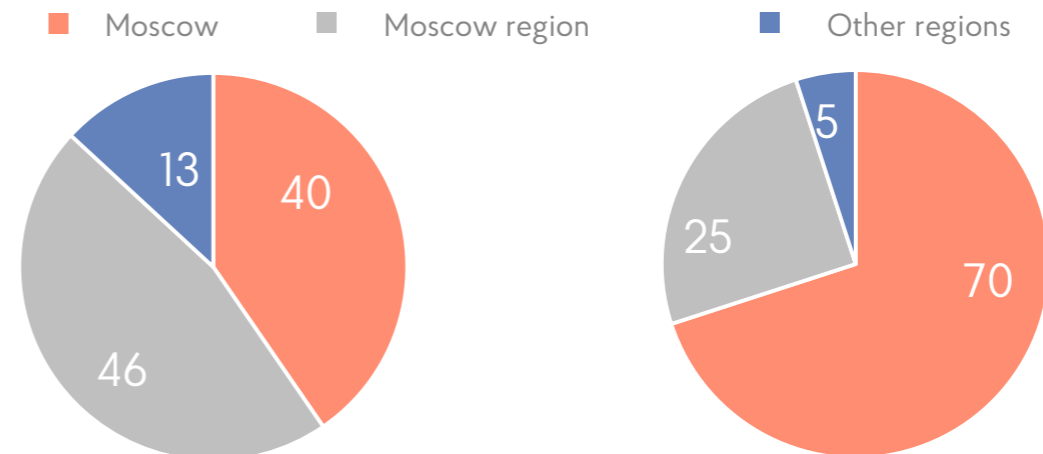
Land bank dynamics, RUB bln

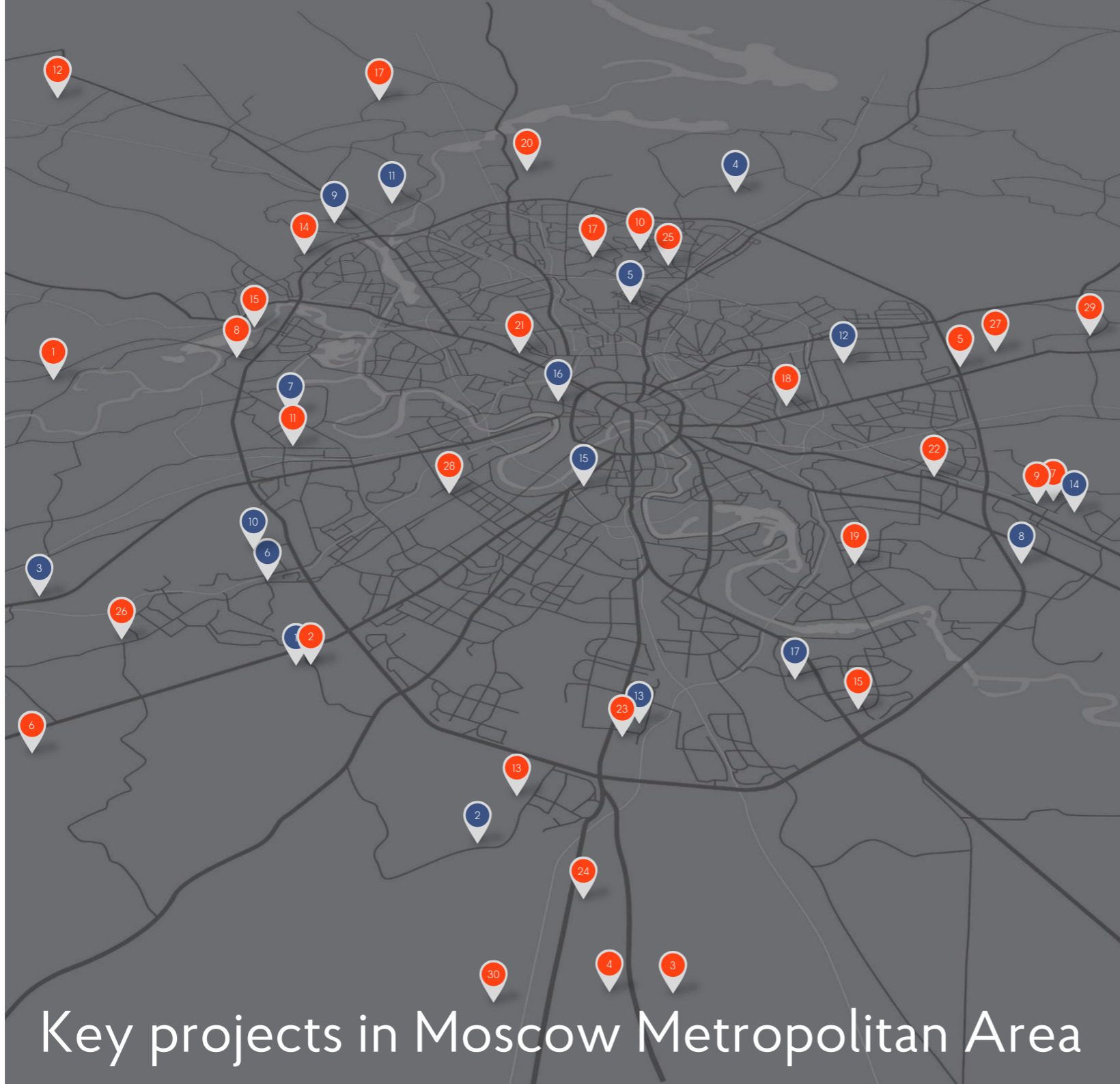


# Project portfolio roll-forward in 2016

	NSA, Unsold area, th sqm	Market value, RUB bln.
Total as of December 31, 2015	5 476	100,6
Projects acquired in 2016	7 562	118,4
Projects reinstated in the valuation	111	0,2
Sqm sold	(950)	(21,9)
Change in the projects layout	313	19,8
Total as of December 31, 2016	12 512	217,1

Land bank structure by region, %





PROJECT NAME	NSA, TH SQM	MARKET VALUE, RUB BLN
<b>ACQUIRED IN 2016</b>		
1 Novorizhskiye kvartaly	1 274	8,4
2 Salaryevo-Park ph 3	840	23
3 Bobrovo	815	3,0
4 Drozhzhino-2	553	6,4
5 Balashikha	375	3,4
6 Serednevo	350	5,6
7 Lyuberetsky	303	3,9
8 Myakinino	273	4,4
9 Lyubertsy, Kamov	264	4,1
10 Polyarnaya	253	3,7
11 Kuntsevo, 47,78	175	2,7
12 Zelenograd	165	1,4
13 Stolichnie polyany	165	1,5
14 Putilkovo	163	1,5
15 Yasenevaya	155	2,8
16 Krasnogorsk-Mitino	144	3,8
17 Vysokovoltny driveway, 5	131	6,4
18 Petr 1	115	6,5
19 Vlyublino	84	3,0
20 Severny	76	1,6
21 Chernyakhovsky street, 19	72	6,0
22 Kuskovskaya	71	1,0
23 Anino Park	65	4,5
24 Butovo-Park	30	0,7
25 Starovatutinsky	29	0,9
26 Solntsevo-park	28	1,1
27 Schitnikovo	20	0,3
28 Mosfilmovsky	16	1,3
29 Sakramento	13	0,1
30 Scherbinka (Novomoskovsky)	11	0,02
<b>CURRENT PROJECTS</b>		
1 Salaryevo-Park ph 1-2	570	15,5
2 Buninskie luga	739	17,6
3 Odintsovo-1	607	2,4
4 Mytishi, Yaroslavsky area	406	1,3
5 Green Park	312	16,2
6 Meschersky forest	287	9,5
7 Kuntsevo	173	8,0
8 Orange Park	108	2,8
9 Khimki, Novokurkino	81	1,0
10 Odintsovsky area, Zarechie	81	2,0
11 Khimki, Sovkhoznyaya street, 11	78	3,6
12 Izmaylovskiy pr-d 5A	59	2,6
13 Varshavskoe hw, 11	35	3,2
14 Lyubertsy, Krasnaya Gorka area	30	0,1
15 Vavilova street, 4	25	3,2
16 Presnensky Val, 21	14	1,2
17 Marshal Zakharov street, 7	13	1,0

Source: CW

# Key projects in Moscow Metropolitan Area

# Key areas of presence



REGION	NSA, TH SQM	MARKET VALUE, RUB BLN
1. Saints-Petersburg	200	3,5
2. Novorossiysk	455	0,9
3. Yaroslavl	263	0,8
4. Rostov on Don	222	0,7
5. Ekaterinburg	215	0,4
6. Kaluga	148	1,3
7. Obninsk	160	1,5
8. Perm	21	0,7

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# Key Strategy Objectives

Objectives	Timeframe
Reinforcing PIK Group's standing as a public company by boosting liquidity and consolidating free-float	1Q-3Q 2017
Optimizing the cost of funding through a constant presence on the debt capital markets	2017-2018
Adoption of a new dividend policy in order to return value to shareholders	2017
Upgrading PIK Group's IR function to meet best market practices and strengthen investment community engagement	1Q-3Q 2017

# Strengthening PIK Group's Status as a Public Company

## Capital markets strategy background

- The Company's shares have traded in Moscow and London since 2007.
- In 2013, the Company raised USD 330 million through an SPO.
- As a result of the analysis carried out by PIK, a new capital markets strategy has been developed that focuses on maximising shareholder value and improving the Company's financing conditions.



## Key aspects of the new capital markets strategy

- As part of the new capital markets strategy, the Company intends to delist its GDRs from the London Stock Exchange to consolidate share trading on Moscow Exchange.
- This will increase the liquidity of PIK shares on Moscow Exchange and will reduce the Company's operating expenses and reporting costs.
- The first step towards delisting was a tender offer to buy back the Company's GDRs.

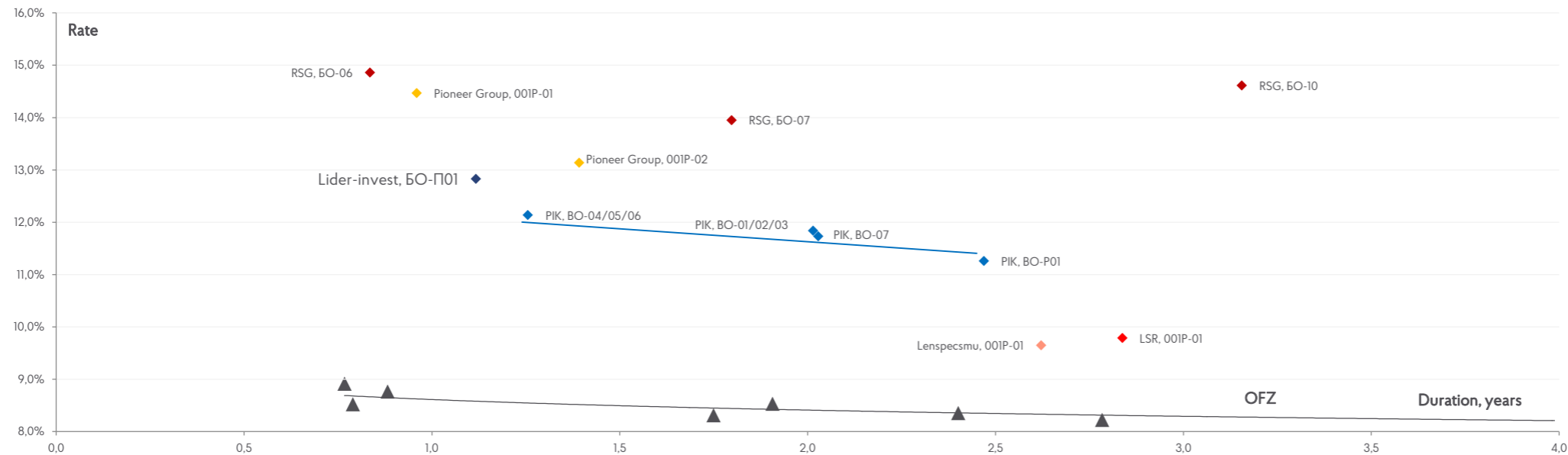


## Results of the tender offer

- Amount paid: USD 255 million
- Accepted to purchase: 49 990 198 GDRs (maximum stated in the offer, total GDRs tendered: 53 025 804 )
- Following the end of the tender offer, the liquidity of PIK's ordinary shares has significantly risen, with weighted daily average up more than 120 000 shares compared to the beginning of the year.



# Reducing Funding Costs



	Issuer rating (M/S&P/F)	Volume, RUB mkn	Redemption / tender	Coupon	Duration, years	Price	Rate, %	Spread to OFZ, b. p.
PIK, BO-01/02/03	-/B/-	9 000	17.09.2019	13,00%	2,0	103,05	11,84%	344
PIK, BO-04/05/06	-/B/-	15 000	22.08.2018	14,25%	1,3	102,93	12,14%	360
PIK, BO-07	-/B/-	25 000	07.08.2019	13,00%	2,0	103,11	11,73%	333
PIK, BO-Π01	-/B/-	13 000	04.03.2020	13,00%	2,5	104,88	11,26%	292
Pioneer Group, 001P-01	-/B/-	3 000	04.05.2018	14,00%	1,0	100,00	14,47%	585
Pioneer Group, 001P-02	-/B/-	2 000	16.10.2018	13,50%	1,4	101,00	13,14%	463
Lenspecsmu, 001P-01	-/B+/-	5 000	17.06.2021	11,85%	2,6	106,88	9,65%	133
Lider-invest, BO-Π01	-/-/-	3 000	29.06.2018	13,50%	1,1	101,10	12,83%	425
LSR, 001P-01	B1/-/B	5 000	22.09.2021	10,75%	2,8	103,37	9,79%	149
RSG, BO-06	-/B/-	3 000	28.02.2018	14,50%	0,8	100,08	14,86%	620
RSG, BO-10	-/B/-	1 000	18.06.2021	14,50%	3,2	101,14	14,61%	634
RSG, BO-07	-/B/-	3 000	10.04.2019	13,50%	1,8	100,00	13,95%	552

(1) Certain figures can be non-representative due to low liquidity  
Source: Cbonds, Bloomberg (14.04.2017)

YTM of the latest PIK bond issue has decreased more than 1.5% since issuance in March, yet spreads between PIK bonds curve and peers included into the Lombard List are still wide

Thank you!