



## PIK GROUP 2013 Trading Update

MOSCOW, January 21, 2014 - PIK Group (LSE: PIK) released today its trading update for the twelve months ended December 31, 2013. The operational and financial data are based on management assessment only and have not been reviewed by external auditors.

### 2013 key operational highlights:

- Total net cash collections grew by 11.8% to RUB 74.6 billion (2012: RUB 66.7 billion)
  - Cash collections from sale of apartments to individuals rose by 32.3% to RUB 59.3 billion (2012: RUB 44.8 billion) driven both by sales price growth and higher volumes;
  - Cash collections from construction services and others were down by 19.3% to RUB 11.6 billion (2012: RUB 14.4 billion) caused by a shift in revenue mix towards an increased share of own development projects;
- New sales contracts to customers grew by 2.9% to 677 th. sq. meters (2012: 658 th. sq. meters)
- In 2013, PIK increased the number of new projects launched to 52 new projects compared to 49 new projects in 2012
- Mortgage backed sales increased significantly, reaching a share of 39.0% in 2013 compared to 28.5% in 2012, which was driven by a slight reduction in interest rates and an overall continuing expansion of the mortgage market in Russia
- PIK's average selling prices in 2013 increased by 17.0% in Moscow, 21.5% in New Moscow, 1.1% in the Moscow region and 7.7% in other regions. Pricing expansion was one of the key factors supporting stronger net cash collections
- Net debt (including accrued interest) more than halved from RUB 38.1 billion as of December 31, 2012 to RUB 18.1 billion as of December 31, 2013. This was achieved due to a stronger operating cash flow and a successful equity issuance in 2013.

### 2014 Outlook

- PIK Group maintains a solid position in the residential real estate market and provides the following guidance for 2014:
  - Total new sales to customers between the range of 690-710 sq. meters, with total gross cash collections of RUB 76-78 billion.



**Pavel Poselenov, PIK Group's President and Chief Executive Officer, commented,**

"PIK Group's 2013 operating results were in line with our earlier guidance. In accordance with our strategy we have significantly deleveraged our balance sheet and increased financial and investment flexibility. This important milestone has transformed PIK into a healthy company able to focus on profitability improvements, as well as invest in new development projects and fixed assets' upgrades.

Operationally in 2013, PIK Group demonstrated stable growth in cash collections from retail residential sales, improved its revenue mix by reducing lower margin wholesale sales and benefited from a significant increase in the share of mortgage backed sales.

Despite taking a conservative view on any material pricing expansion in 2014, we expect the overall outlook for 2014 to be positive, driven by a continued growth in demand for affordable mass-market residential real estate in Russia."

### Detailed information on key operating and financial results

*Table 1 - Cash collections summary*

<i>(in RUB MM)</i>	4Q2012	4Q2013	Change, % (4Q13/4Q12)	FY2012	FY2013	Change, % (FY13/FY12)
<b>TOTAL GROSS CASH COLLECTIONS<sup>(1)</sup></b>	<b>25,513</b>	<b>22,504</b>	-11.8%	<b>67,475</b>	<b>74,752</b>	+10.8%
<b>TOTAL NET CASH COLLECTIONS<sup>(2)</sup></b>	<b>25,141</b>	<b>22,332</b>	-11.2%	<b>66,691</b>	<b>74,580</b>	+11.8%
<i>including:</i>						
<b>Cash collections from residential real estate sales activities</b>	<b>19,961</b>	<b>19,263</b>	-3.5%	<b>52,296</b>	<b>62,956</b>	+20.4%
<i>including:</i>						
- Cash collections from retail real estate sales	15,470	18,429	+19.1%	44,839	59,340	+32.3%
<b>Cash collections from construction services activities and others</b>	<b>5,180</b>	<b>3,218</b>	-37.9%	<b>14,395</b>	<b>11,623</b>	-19.3%

*Note: In line with PIK's accounting policies, these cash collections will be recognized as sales revenue once the residential real estate properties have been completed, approved by the local State commission established for acceptance of finished buildings and the larger share of proceeds is received upon the completed unit.*

*(1) Including offsets with suppliers*

*(2) Excluding offsets with suppliers*

*Source: Management accounts*



Table 2 – New sales contracts to customers

000' sq. meters	1Q	2Q	3Q	4Q	YTD
<b>2013</b>	153	138	182	204	677
<b>2012</b>	128	142	169	219	658
<i>change, y-o-y, %</i>	19.5%	-2.8%	7.7%	-6.8%	2.9%

Note: including contracted retail and wholesales  
Source: Management accounts

Table 3 – New sales contracts to customers by region

000' sqm	2012	2013	Change, % (2013/2012)
<b>Moscow</b>	150	132	-12.0%
<b>New Moscow</b>	80	33	-58.8%
<b>Moscow region</b>	309	374	21.0%
<b>Other regions</b>	119	138	16.0%
<b>Total</b>	658	677	2.9%

Note: including contracted retail and wholesales  
Source: Management accounts

Table 4 – Pre-sales launches summary table

No. of buildings	2012	2013	Change
<b>Number of projects launched on sales</b>	49	52	+3

Source: Management accounts

Table 5 - Share of mortgage funded retail sales

	1Q	2Q	3Q	4Q	Annual average
<b>2013</b>	34.6%	39.2%	42.2%	39.8%	39.0%
<b>2012</b>	28.5%	27.3%	29.0%	29.2%	28.5%

Note: Based on monthly averaged data from retail sales, calculated using apartments only  
Source: Management accounts

Table 6 - Average PIK's net selling price dynamics

(in '000 RUB per sq. meter)	FY2012	FY2013	Change, %
<b>Moscow<sup>(1)</sup></b>	124.1	145.2	17.0%
<b>New Moscow</b>	77.4	94.0	21.5%
<b>Moscow region</b>	80.1	81.0	1.1%
<b>Other regions</b>	44.3	47.8	7.7%

Note: PIK is preselling properties at different stages of construction. Selling prices vary depending on geographic location, size, floor location, stage of construction. Accordingly, average prices per square meters represent blended average price calculations of the above. Calculated on the basis of retail contracts on completed project and projects in active construction stage. Before 21 January 2014 the average price calculation methodology included only PIK's projects in active construction stage.

(1) Excluding business class projects, such as the 'English Town'

Source: Management accounts



**Enquiries:**

**PIK Group**  
*Investors*

Andrey Machanskis  
Head of Investor Relations  
Tel: +7 495 505 97 33 ext. 1157 / 1315  
E-mail: [ir@pik.ru](mailto:ir@pik.ru)

*Media*

Natalia Ivanova  
Head of Public Relations  
Tel: +7 495 505 97 33 ext. 1010 /1014  
E-mail: [pressa@pik.ru](mailto:pressa@pik.ru)

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