# PIK Croup

COMPANY OF AN AN

# 1H 2020 Financial results

September 2020



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# Financia results



## **Financial Results 1H 2020**

Strong growth in all indicators in the first half of 2020 despite turbulence in the economy caused by COVID-19

- Revenue growth **34%**
- EBITDA growth **84%**
- **2x net** income growth
- Cost reduction of both corporate and project debt

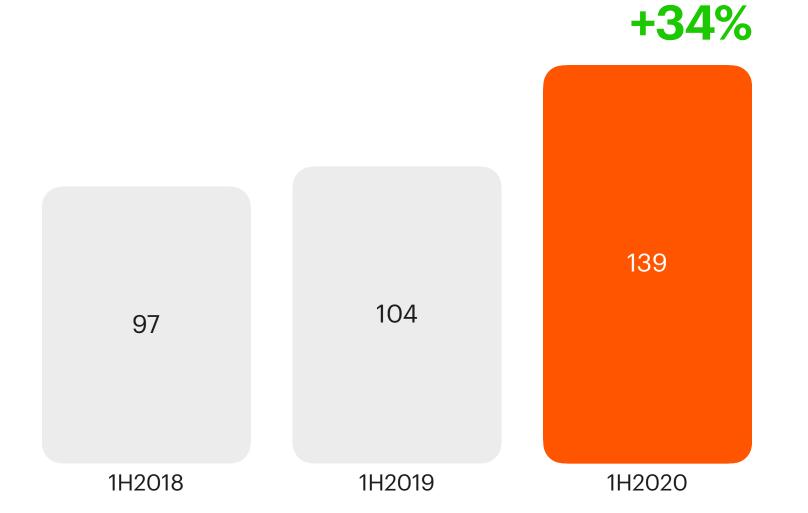


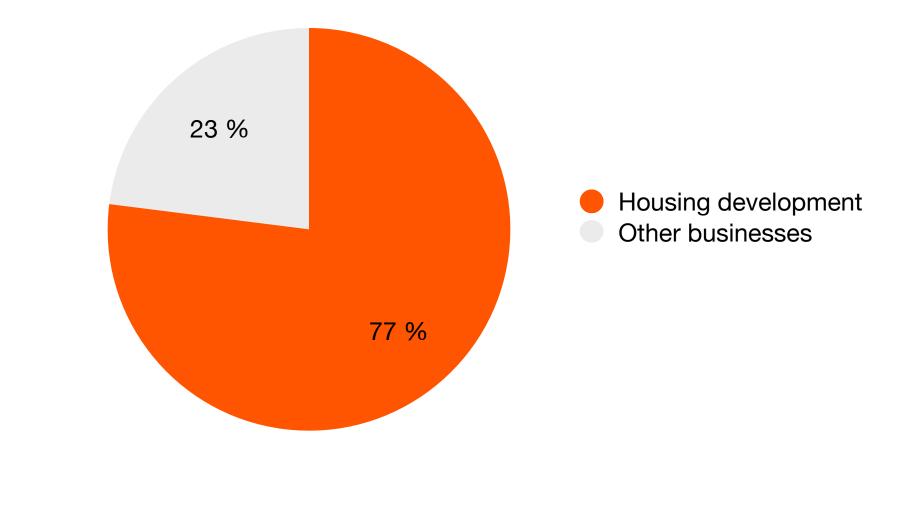
Maintaining all credit ratings at the same high level:

Fitch: BB- (stable)

NCR: A+ (stable) Expert: ruA (stable)

## **Financial Results 1H 2020**

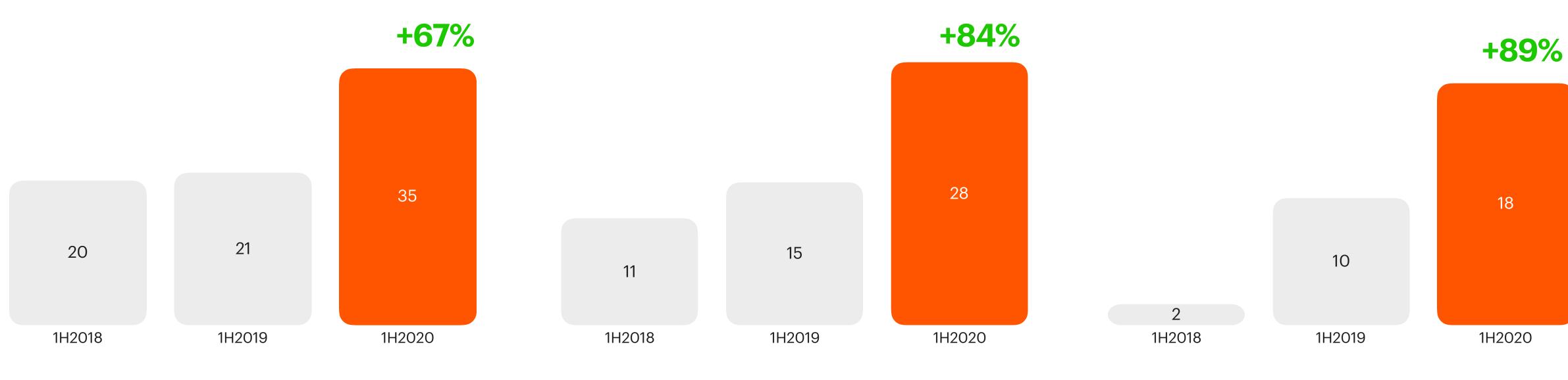




**Revenue, RUB bln** 

#### **Revenue breakdown**

## **Financial Results 1H 2020**



#### **Gross profit, RUB bin**

**EBITDA, RUB bln** 



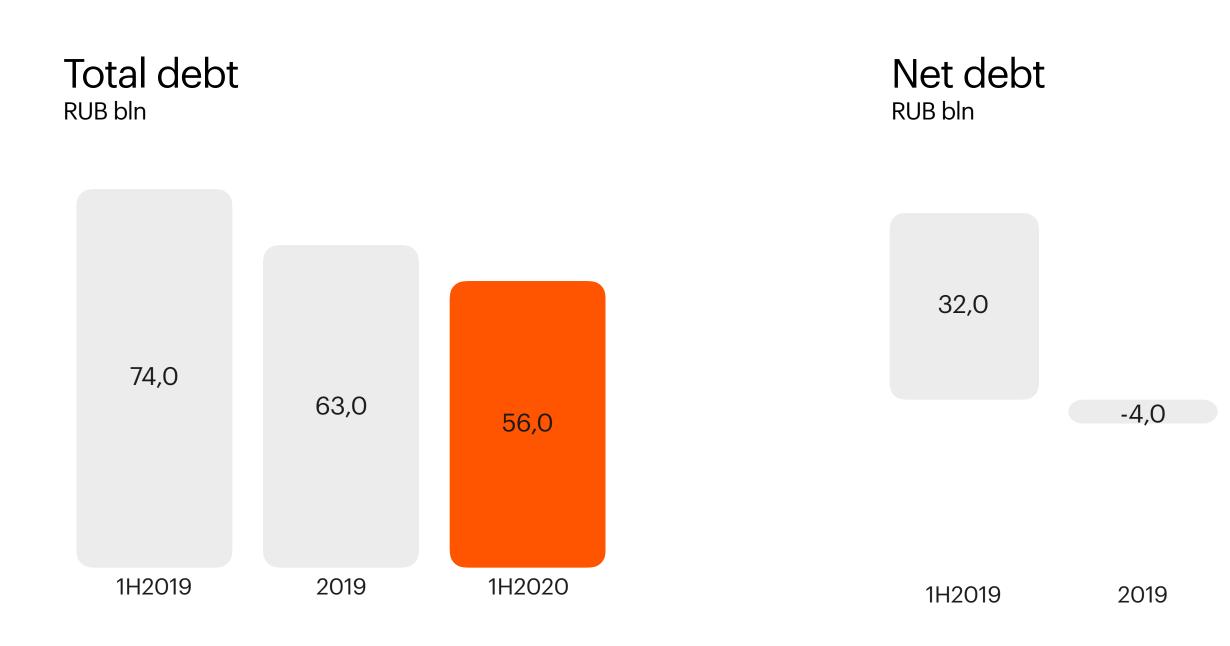
#### Net income, RUB bln





## Corporate debt

Prudent financial policy and smooth implementation of escrow accounts from autumn 2018 resulted in consistent reduction of corporate debt and its cost

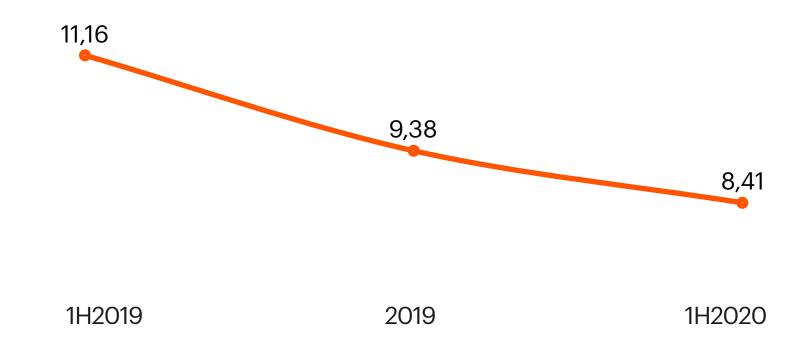


#### Credit ratings

Fitch: BB- (stable)

NCR: A+ (stable) Expert: ruA (stable)



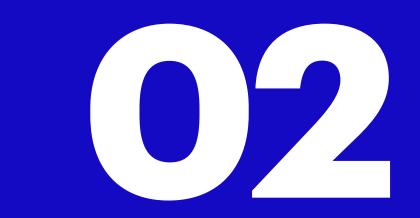




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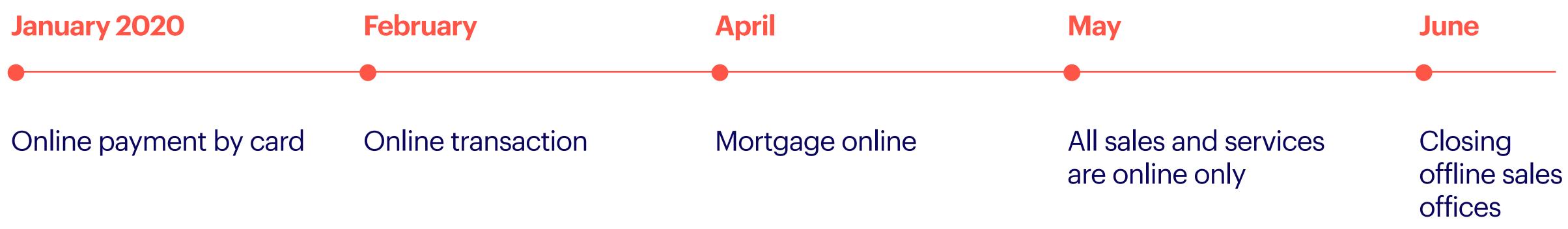


# **On Ine**



## **Online sales**

**Online sales meet the main criteria of digital business** freedom of choice: there are no restrictions for the client. Neither geography nor the agreement with a certain bank is important.







## **Online sales**

**Online sales meet the main criteria of digital business** freedom of choice: there are no restrictions for the client. Neither geography nor the agreement with a certain bank is important.

#### Over **100,000 online bookings** since 2017

- 2019 the start of online sales
- We were the first **to launch the acquiring** and implemented payment by card on the website. Conducted transactions for **815 million rubles**.
- We closed the offices and made possible to conduct all stages of the deal online through a personal account. Sold during this time **725,000** m<sup>2</sup>

- Developed additional commercial products and raised 250 million rubles of passive income
- We moved all stages of the customer journey online, including the introduction of contactless moving in

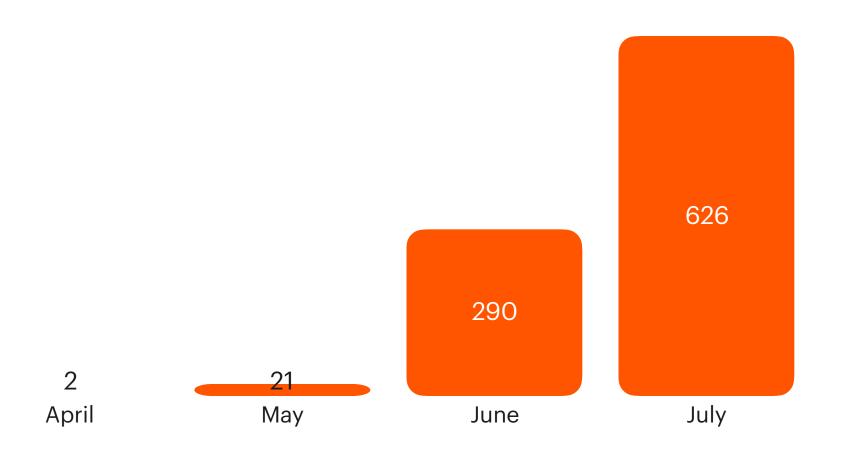




# **Online mortgage**

A unique technology for fully online mortgage lending was created and approved by the regulator.

- We launched a digital application form for all partner banks and achieved **99% approval rate** of mortgage applications
- Simplified the conditions for getting a loan from a portfolio of certificates to 2 documents
- Assisted banks to enable online mortgages possibility.



**Online mortgage - growth in the number of transactions** 

- Promoted subsidized mortgage rate 6,5%
- We launched an exclusive program «We take on mortgage interest»
- On April 15, 2020, PIK and VTB Bank conducted • the first mortgage transaction in Russia and the purchase of an apartment completely online



# **Online company: PIK remote**

**Processes in the company are built around** remote work and employees working outside the office.

Employees of the company can work from anywhere, taking advantage of all the benefits of remote work - access to work programs and communication tools, allowing them to get the job done efficiently

- The number of employees working remotely -4,000 or 80% of the company's office staff
- Reducing the volume of rented office space by 7 **times** - significant cost savings of administrative costs



# **Online company: PIK Project**

Nº1 in remote work:

end of 2018 - 300 people (20%) end of 2019 - 1000 people (40%) **Today - 2500 people (100%)** 

Unique technological and organizational solutions for effective online work

- Knowledge base and learning materials
- Decomposition of tasks
- Virtual 3D desktop technology

- Objective and subjective control systems
- Personnel productivity analytics system

# **Online company: PIK 12**

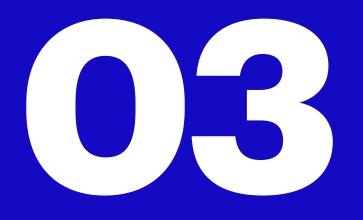
# Construction period from building permit to completion (escrow accounts release) reduced to 12 months with finishing and networks

- 1. construction period reduced to 12 months against 42 on average in the market
- 2. less payments for project financing (escrow accounts)
- 3. increase in sales by reducing the delivery time of the finished apartment to the buyer (the buyer, in particular, spends less on renting an apartment or mortgage payments until the keys are received)
- 4. increase in the average selling price of apartments
- 5. ambitions to further reduce the construction period to 6 9 months through the implementation of:
  - digital finishing platform PIK.PRO
  - building cross-functional project management teams and seamless transitions between stages / contractors
  - troubleshooting and acceptance of work in advance during the installation / production of work
  - construction of autonomous external engineering networks that do not require connection to highways

#### Status: in progress 2 months ahead of schedule



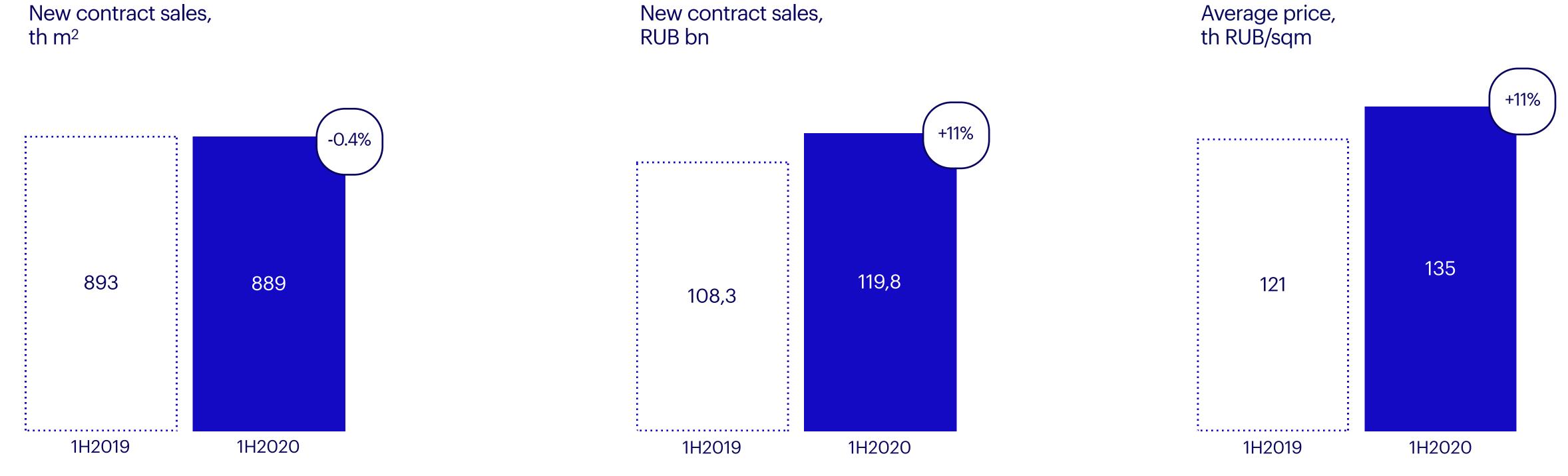
# Operating results



### **Real estate sales**

New contract sales, th m<sup>2</sup>

New contract sales, RUB bn



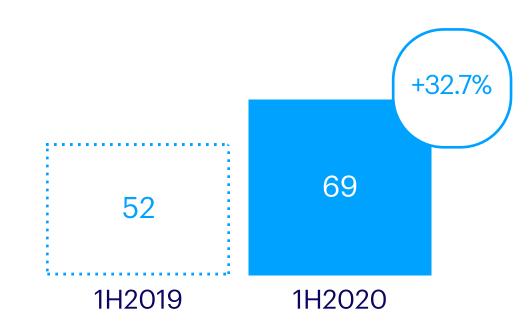
#### Share of mortgage sales — 76%



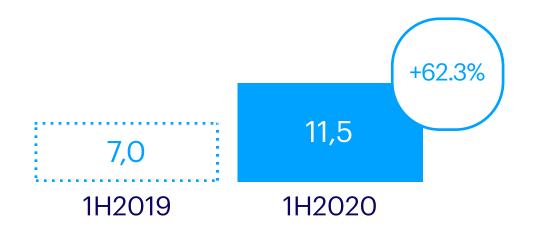
### Real estate sales by segment



#### Fee-development, th m<sup>2</sup>



#### Fee-development, RUB bn

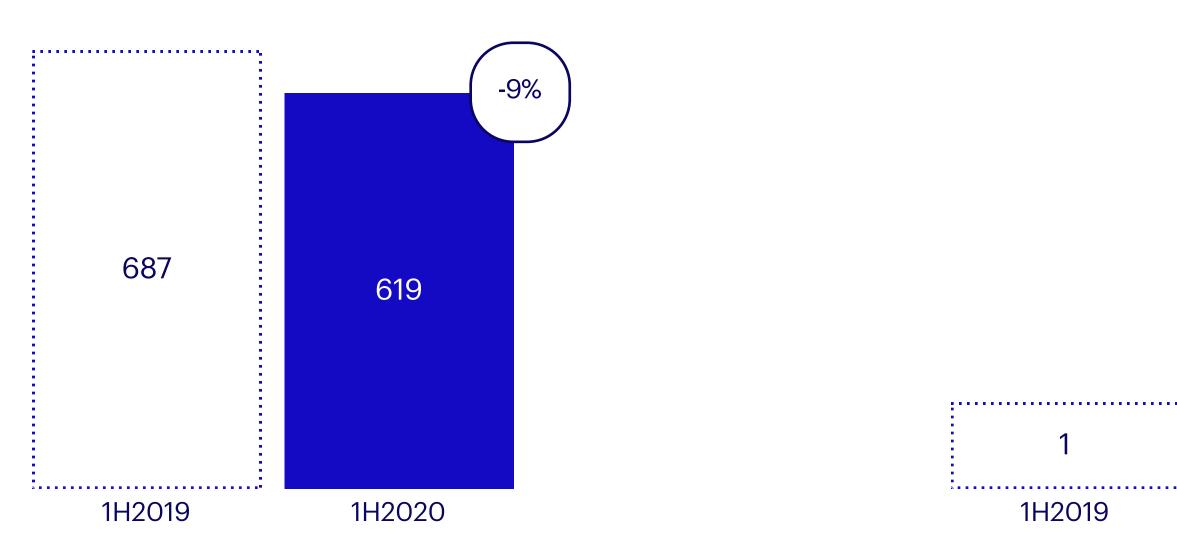




# New project launches

New supply, th m<sup>2</sup>

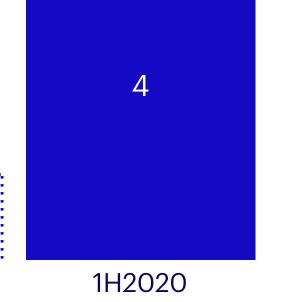
New projects



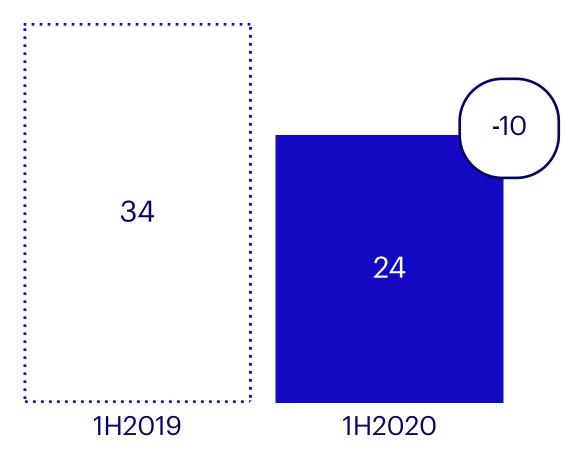
4 new projects in the Moscow area — Volokolamskoe 24, Serednevsky les, Volgsky park and Holland park 24 new buildings in the Moscow area, Kaluga, Tyumen and Novorossiysk



# +3



New buildings

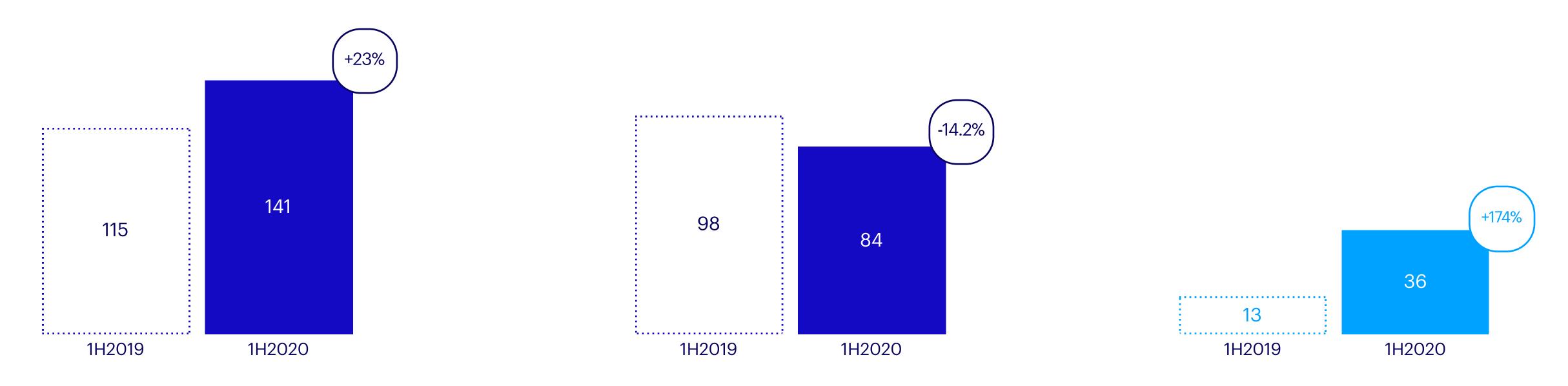




## **Cash collections**

Cash collections, RUB bn

Cash collections real estate, RUB bn









# Company Overview





### PIK Group — Undisputed leader in Russian Housing market

### N<u>0</u>1

**Real Estate** brand in Russia **12** mln m<sup>2</sup>

Nº1 by land bank size

Nº1 by market capitalization among other public homebuilders

### 50 mln m<sup>2</sup> AUM

Nº1 private housing maintenance and management company >7 mln m<sup>2</sup>

Nº1 area under construction

281 bln ₽

revenue, 2019





apartments delivered in 2019

### 25.5K

employees



households live PIK apartments

**88**K

employees work daily-base on PIK projects



# Widest geographical presence in Russia

#### Homebuilder in 12 regions

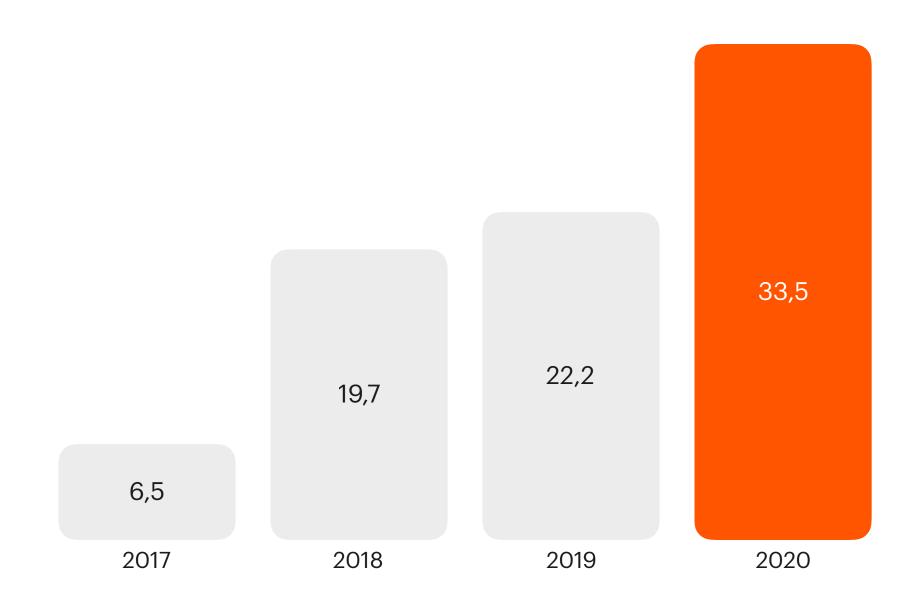
#### Housing management in 20 regions



### **Brand Nº1 in Russian real estate**

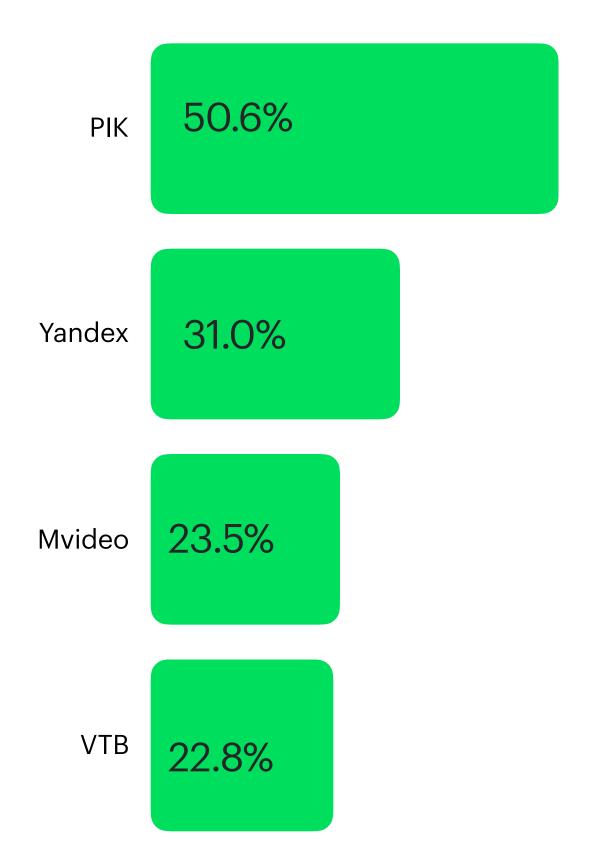
PIK is the Nº1 brand of housing development in Russia, one of the top 30 strongest brands in the country

since 2017 PIK brand value has grown 5 times



#### **Brand value growth RUB** bln





#### **Fastest growing** brand in Russia in 2020

# **PIK Investment highlights**

Nationwide leader in Russian residential development market Largest and most lucrative land Vertically integrated business Real Estate Asset Management integrated with a wide range of bank among competitors model - scalability, technology efficient and sustainability for the value-added service offerings development lifecycle

Sustainable cash flows and strong growth outlook to maximize shareholder value



Experienced management team International Corporate with a track record of success Governance Standards

Well capitalized to capture market opportunities





#### **PIK Group** Growth strategy for all business divisions

Housing development

General contracting services

ConTech platform – construction technologies, IT solutions, business processes and manufacturing capacity of PIK

#### Housing maintenance and Utilities

PropTech – traditional housing markets disruption



## PIK Vision

Create state-of-the-art construction technologies

Design and build housing fast and efficient

Provide affordable housing that is beautiful, functional and durable

### **PIK Mission**

Develop the best global solution for construction:

 Sustainable
 Energy efficient
 Carbon neutral or negative

## Strategy

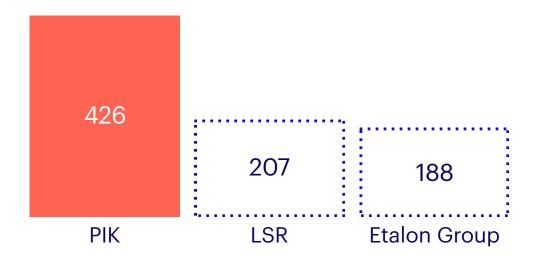
Innovation based growth strategy of core businesses driven by **PIK ConTech** (industry leading construction technology) and PIK PropTech (customer-centric housing ecosystem)

- Bring continuous improvements, innovation and sustainability to the Russian housing sector serving a growing need for new high-quality apartments and a modern infrastructure.
- 2. Support and promote key national projects and Government initiatives for housing and urban development - the leading company in renovation construction delivering new homes under large-scale Moscow renovation program.
- 3. Carry out urban development projects of all sizes in economically important regions of Russia and focus on Moscow area with over 7 million sqm of housing currently under construction:
  - Supporting sustainable urban development in full compliance with the highest standards: PIK's projects are aimed at revamping neglected neighbourhoods to increase residential spaces within Moscow and other Russian cities
- Using scale and innovation to deliver new housing at lower cost/affordable prices and to significantly shorten construction time period
- With strong focus on social infrastructure in all projects (schools, kindergartens, modern playhubs) significant social impact and strengthening local communities

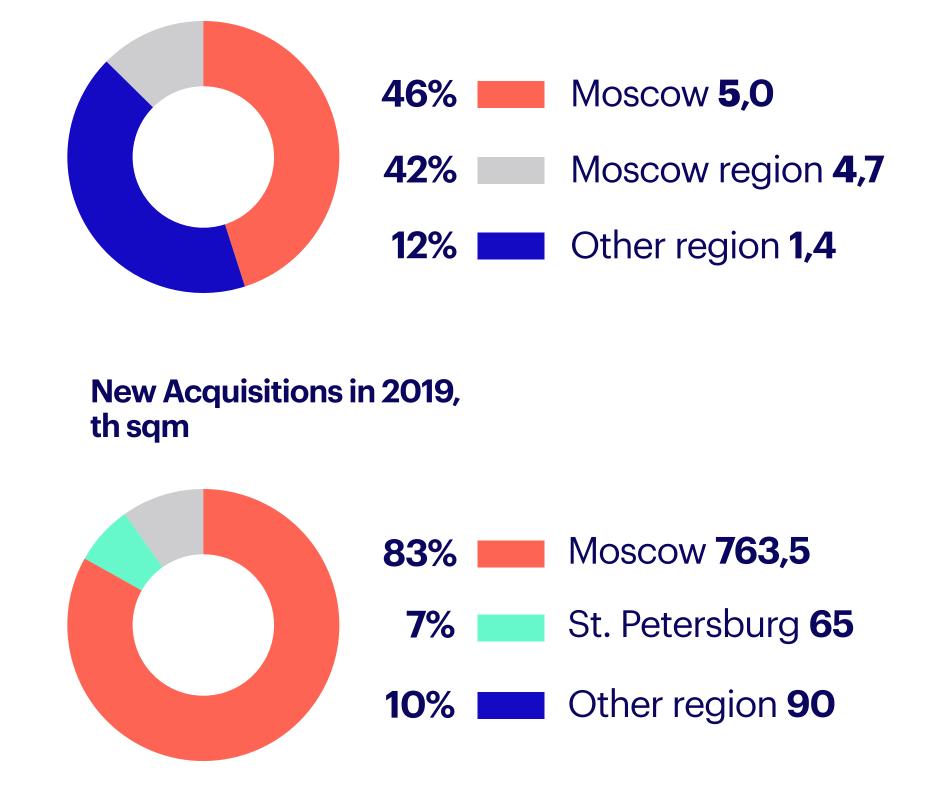


# High-quality sizable efficiently managed land bank

Pipeline of projects securing growth visibility on the back of the largest land bank among competitors Major part of the land bank ca. 96% by value is located in MMA — the largest and most lucrative Real Estate market in the country Efficiently managed land bank with fast turnover from sqm to RUB The largest land bank among competitors, RUB bn



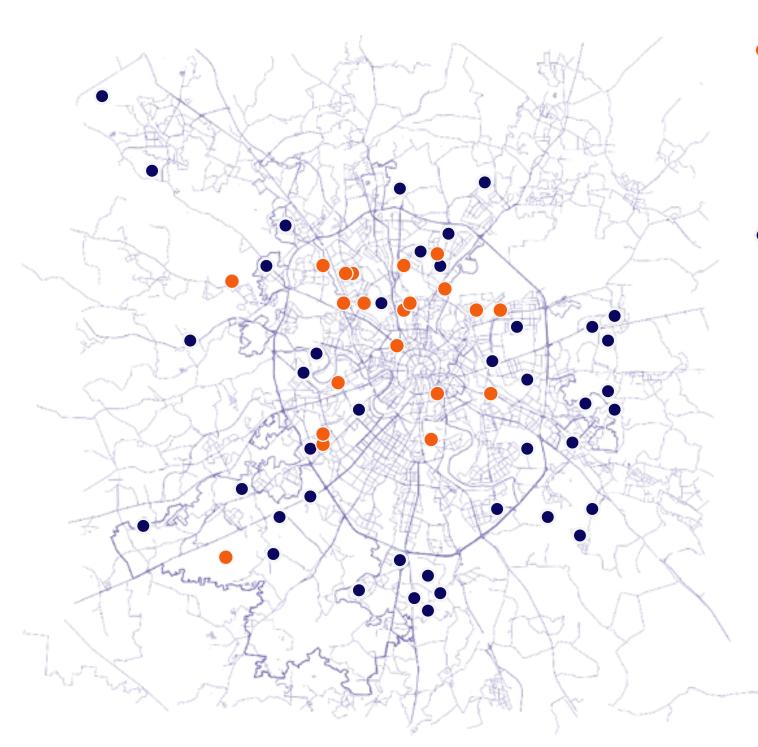
Proven ability to source land bank efficiently — given its large scale and real estate development track record PIK is the natural partner for landlords Focus on Moscow Metropolitan Area By unsold area, m sqm





# Projects in Moscow and the Moscow region The most lucrative real estate market in Russia

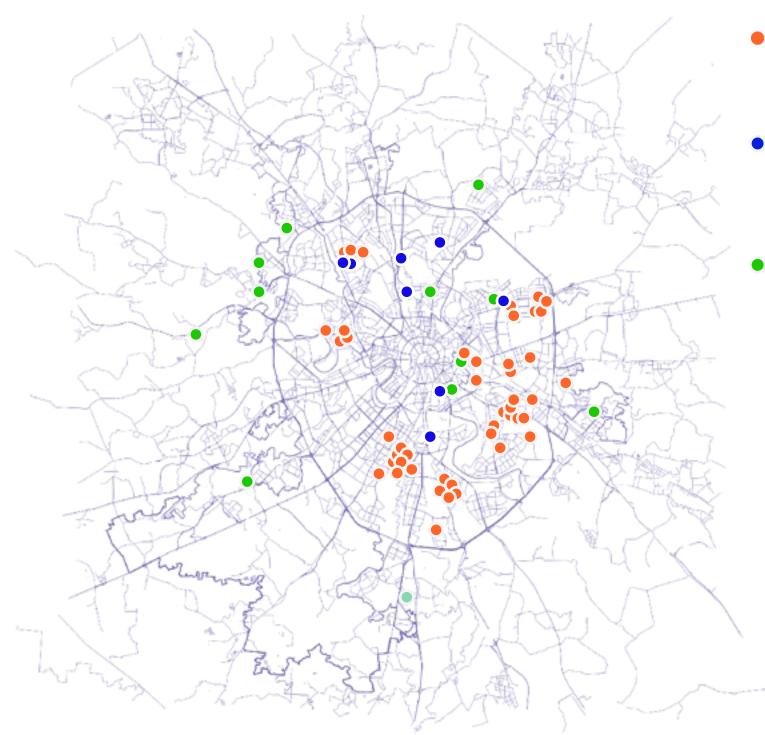
#### Housing development projects in Moscow



- New projects to be launched in 2020/2021
- Current projects

projects

#### Construction projects in Moscow



- Renovation
- Fee-development
- Social infrastructure





## PIK ConTech

**Design-driven** organization: leadership through technology and innovations

- The only homebuilder in Russia with R&D department - **75** people and R&D budget
   **>5M** USD
- 2. In-house architecture bureau (**top 5** globally - **2000** architects) and construction capacities
- 3. Patent protected proprietary technologies:
  15+ patents for architectural urban and IT solutions

PIK — true **Construction Technology** company: Strategic focus on establishing a best in class IT platform, digitalization of business processes and investments in start-up companies offering a full-range of real estate services:

- Proprietary SaaS platform and AEC solutions for best-in-class project and business process management
- 2. Digitization of marketing, sales, customer relationship and other business processes to increase speed of construction, sales, cash flows. Transition to **100% online** sales
- 3. Proprietary **project financing platform** and strategic partnership with Russian leading financial institutions for mortgage offerings: facilitating seamless mortgage approval process ensuring market-leading speed of property purchase transactions

PIK becomes an ecosystem to disrupt traditional housing and construction markets leveraging a distinct first mover advantage, technological superiority and industry leadership

# **PIK ConTech. Capacity**

- Proprietary **modern production** of construction materials and structures
- **Sustainability** and **high quality** at each stage 2.
- Scale and technologies driving operating and procurement efficiency 3.

#### PIK operates 10 production facilities in Moscow and other Russian regions:

- Production of concrete and reinforced concrete structures
- Production of reinforcement mesh and cages
- Casting reinforced concrete slabs 3.
- Production of small piece materials (paving blocks, kerbs, street furniture, Acotec panels)
- Production of window units (the most advanced production line in Eastern Europe with annual capacity of 5. over 300k windows, Top-4 production in Russia)
- Bathroom pods production annual capacity: 30 000 pods 6.
- Elevators of proprietary design along with switchboard equipment and IoT technology
- RUBETEK Modern production of wide-ranging innovative IoT products for smart home 8.

In addition to its own production facilities PIK has established long-term partnerships with a broad base of leading suppliers and contractors to create flexible and adaptive ecosystem of suppliers and contractors that can scale up in a timely manner

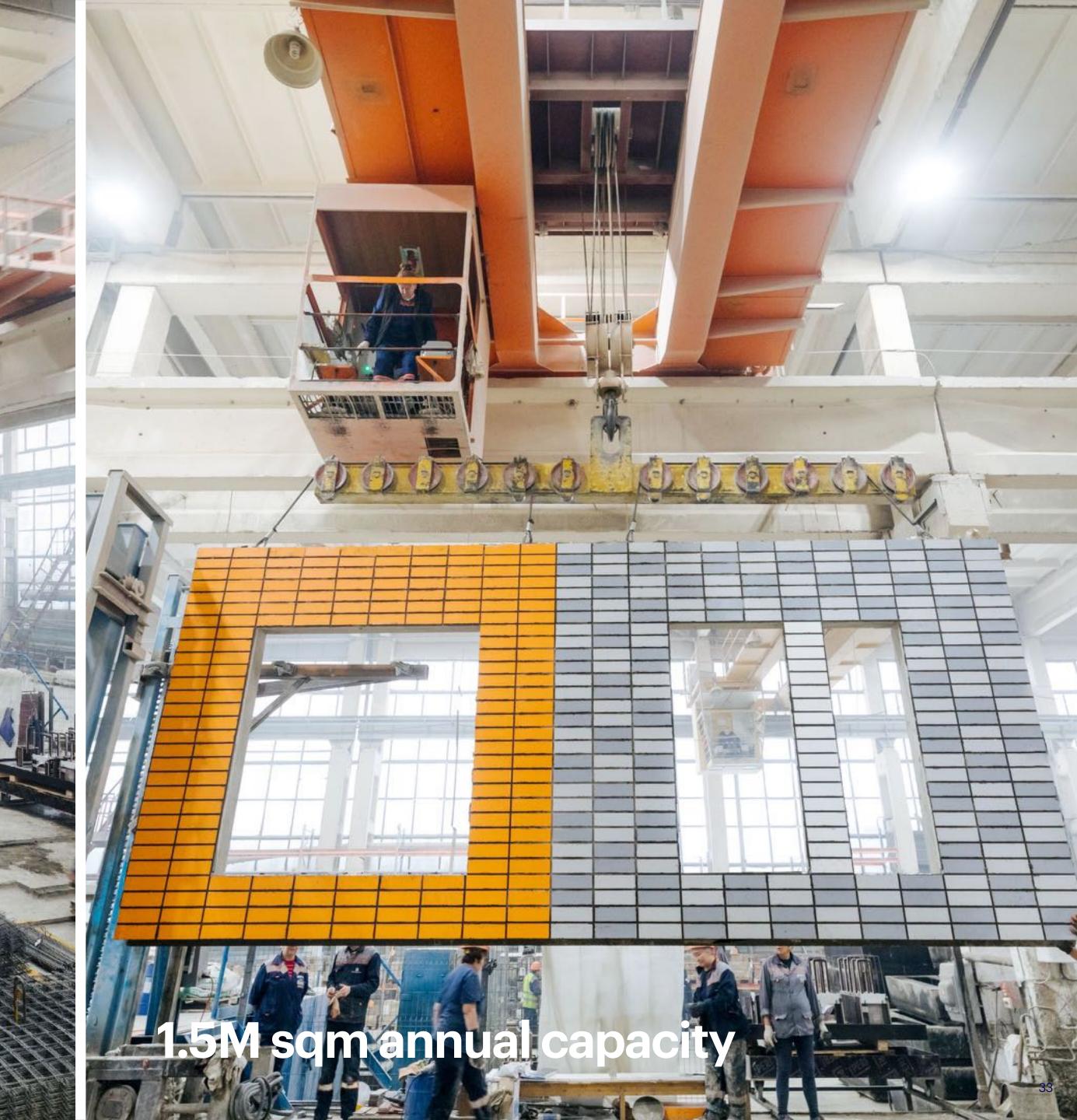


## **PIK ConTech. Innovation and Growth**

- Continued focus on breakthrough industrial/construction technologies to allow for the shortest construction cycle, improved quality control, superior reliability and durability of housing to optimize future maintenance costs.
- 2. PIK researches and develops new initiatives in the construction technology that helps assemble houses as a set (room modules are manufactured at a plant and then delivered and installed at the construction site) - modular and off-site construction.
- 3. The largest in Europe bathroom pods production factory more than 30K pods per year

#### PIK plans to create production of modular houses with a production capacity of up to 300,000 sqm per year on Sakhalin. Prefabricated houses will be used in housing construction and infrastructure projects in the Far Eastern Federal District and South-East Asia

#### **PIK Pre-fab factory**

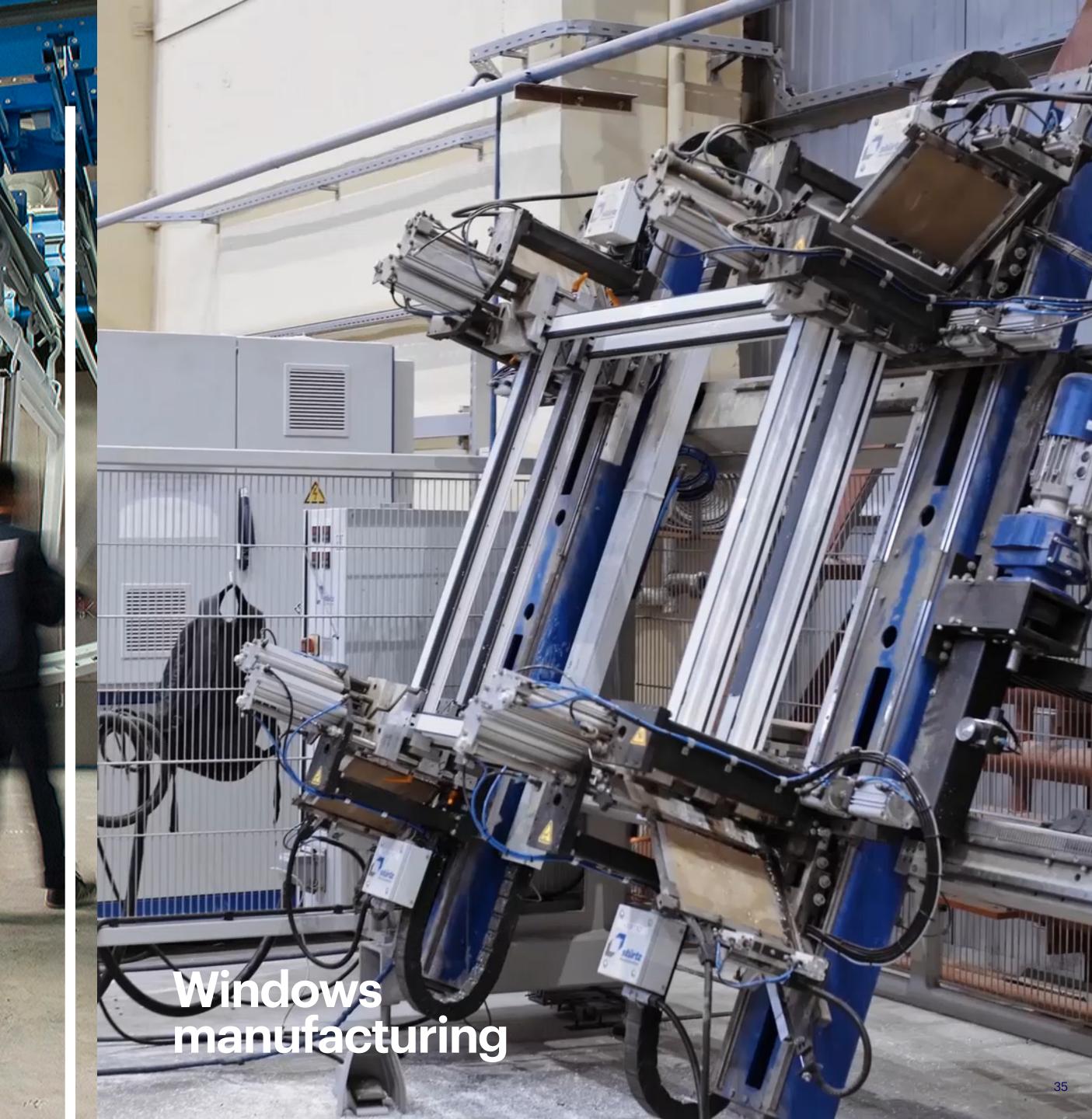






Doors manufacturing

100



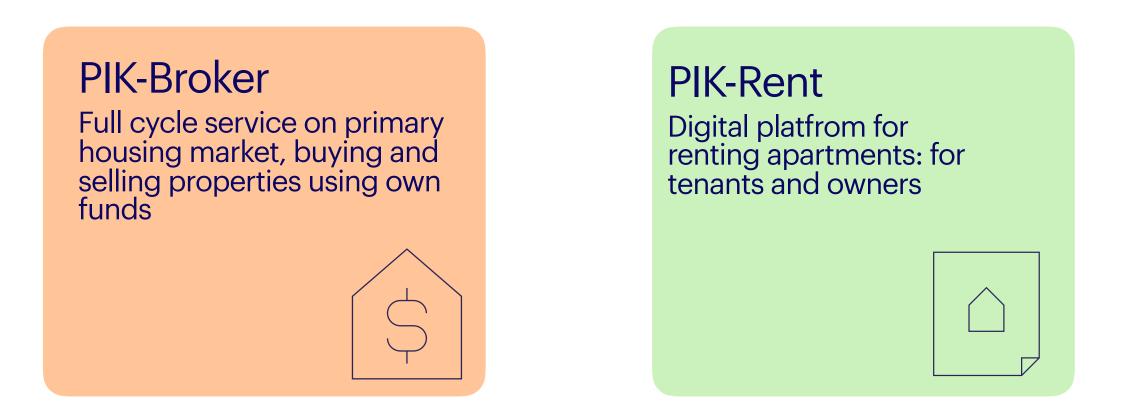
#### Bathroom pods production line

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## **PIK PropTech Platform** The first disruption of traditional real estate markets

Unique platform for owners and tenants with full range of additional services - a customer-centric real estate ecosystem with significant growth opportunities



# Housing related value-added services throughout real estate life cycle: Rent - Buy - Sell - Improve

Infrastructure for seamless launch of new verticals: financial and other complementary services - further expanding ecosystem to strengthen core customer proposition





# Robust corporate governance with focus on sustainability



Aleksey Karpenko

Chairman of the Board of Directors Senior partner of "Forward Legal" law firm since 2014



Sergei Gordeev

Member of the Board of Directors President of PIK since 2014



#### Alexander Varennya (+)

Independent member of the Board of Directors Senior Vice President at Da Vinci Capital



### Ilya Balandin

Member of the Board of Directors **Director of Venture Investment Department** of PIK





Aleksei Blanin 🛛 🔁 🛇

Independent member of the Board of Directors General Director of Development Solutions Real Estate since 2008



Zumrud Rustamova 📀

Independent member of the Board of Directors Non-executive Director of MMK



2018



### Alexander Prygunkov

Member of the Board of Directors First Vice President - Operational Director of PIK since 2017



Head of Committee



Shareholders' structure:

Yury Ilin

Member of the Board of Directors Vice President for Capital Markets and Corporate Finance of PIK since 2018

### **Dmitriy Timofeev**

Member of the Board of Directors Vice President for Legal Affairs of PIK since

### All committees chaired by INEDs

#### **Audit Committee**

Aleksei Blanin 🛛 🔂 🐼 Alexander Varennya 💟 Yury Ilin

#### **Personnel and Remunerations Committee**

Alexander Varennya 🔁 💟 Zumrud Rustamova 🛛 🛇 Aleksey Karpenko

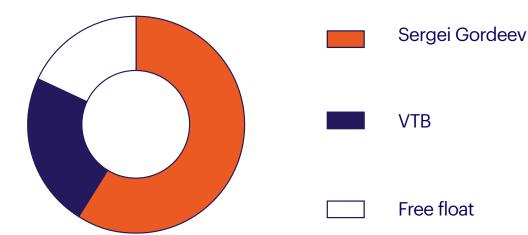
#### **Strategy Committee**

Aleksei Blanin 🔂 🔽 Yury Ilin Ilya Balandin

**59.33%** 

23.05%

17.62%





# **Experienced management team with track record in growth and operational efficiency**

Experienced management team with strong track record

**Sergei Gordeev** President 20+ years in industry

**Elena Smakovskaya** Vice President Financial Director 10+ years in industry 20+ years in finance

**Dmitry Timofeev** Vice President for Legal Affairs 20+ years in legal sector **Yury Ilin** Vice President for Capital Markets and Corporate Finance

15+ years in industry

**Andrey Lysukho** Vice President for HR 15+ years in HR **Sergey Fuksman** IT Director 8+ years in IT

## **ConTech & Design**

**Stanislav Kondratyev** Senior Vice President Head of ConTech 5+ years in industry

Andrey Kalinovsky General Director of PIK-Industries 30+ years in industry **Denis Ivakin** Vice President Director of design department 6+ years in industry

### **Development and construction**

#### Ivan Polandov

Senior Vice President, Real Estate Development 15+ years in industry

### Aleksey Almazov

Vice President for Regional development 15+ years in industry

## **Focus on sustainability**

- 1. PIK is a responsible residential real estate developer focused on maintenance of robust environmental, social and governance practices and aims to adhere to international ESG standards
- 2. The Company strategy is to contribute to sustainable social development providing modern housing solutions and infrastructure to population
- 3. Strict compliance with environmental requirements is of utmost importance for PIK

Maxim Yakusheckin Senior Vice President, General Construction Servises 15+ years in industry

### **PropTech and Sales**

**Gennady Rosso** Senior Vice President, PropTech and Sales 8+ years in industry

## **Maintenance & Utilities**

**Vyacheslav Borisenkov** Vice President for Utilities Division 15+ years in industry

Sergey Rubtsov Head of Maintaince Division 15+ years in industry



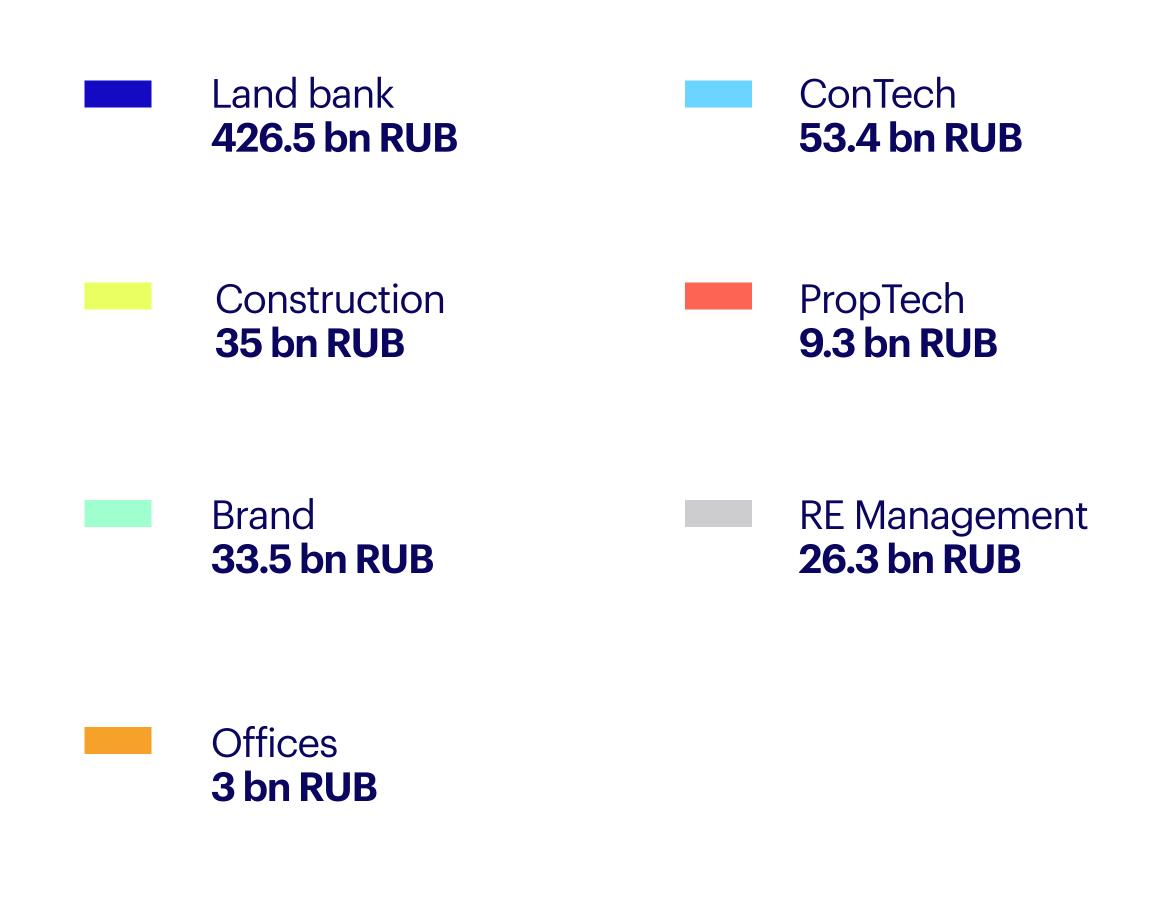


# Assets portfolio overview

## **Total:** 607.8 Bn RUB (31.12.2019)

Source: CW, company data







# **PIK vs. competitors**

<b>#1 positioning among competitors</b>	PIK	LSR	Etal
Target segment	Mass-market Business	Mass-market Business Elite	Mass Busi
Federal player <sup>1</sup>	9 regions	3 regions	2 reg
Portfolio value (RUB bn)	426	207	188
Total land bank (m sqm)	11.1	7.6	3.3
New contract sales 2019 (RUB bn)	223	93.0	68.7
New contract sales 2019 (th. sqm)	1,836	920	628
Market Cap (US\$ bn) <sup>3</sup>	4	1	0.4
Integrated business model			
Prefab capacity (m sqm)	1.5	0.6	n/a
Area under management (in m sqm)	50	n/a	5
Add-on services	Maintenance Rent Other Value Added Services	×	Mair

## **Ion Group**

- ss-market siness
- egions
- 7



## Competitive Advantages

- 1. Largest player in the Russian real estate market with nationwide presence
- 2. Marketshare in Moscow >25%
- 3. Resilient to economic downturns due to diversified business model and strong customer base
- 4. Vertically integrated products and services resulting in reduced costs, improved quality control and shorter construction cycle
- 5. Strong and sustainable cash flows to maximize shareholder value
- 6. Innovative construction technology platform for the real estate industry





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# Appendix









# Plancarc

Breakthrough in housing market: PIK Standard — modern philosophy in residential neighborhood creation

## Comprehensive masterplan

- Multilevel urban massing 2.
- 3. Courtyard-parks
- 4. Pedestrian friendly areas
- 5. Play & Sport hubs
- Organized parking 6.
- Schools and kindergartens
- Entrance at ground level 8.
- Variety of layouts 9.
- 10. Panoramic windows
- 11. Fully finished apartments
- 12. Diverse architechture and durable facades













# A Buninskie Luga



# 5 Play & Sport & Sport





# Z. Schools and kindergartens

AIGENLIE

Buninskie Luga

## Entrance at ground level Meshersky Les

124



# 9. Variety of layouts

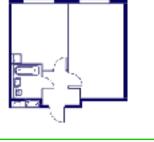
**Studio** 10 options

**1 bedroom apartment** 60 options

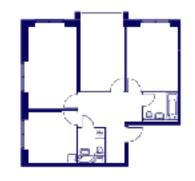
**1+ bedroom apartment** 154 options

**2 bedroom apartment** 65 options

## **3 bedroom apartment** 77 options



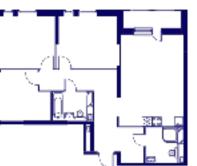
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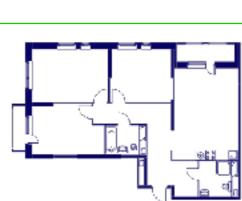




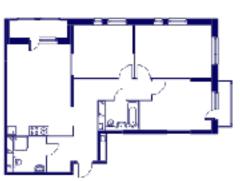










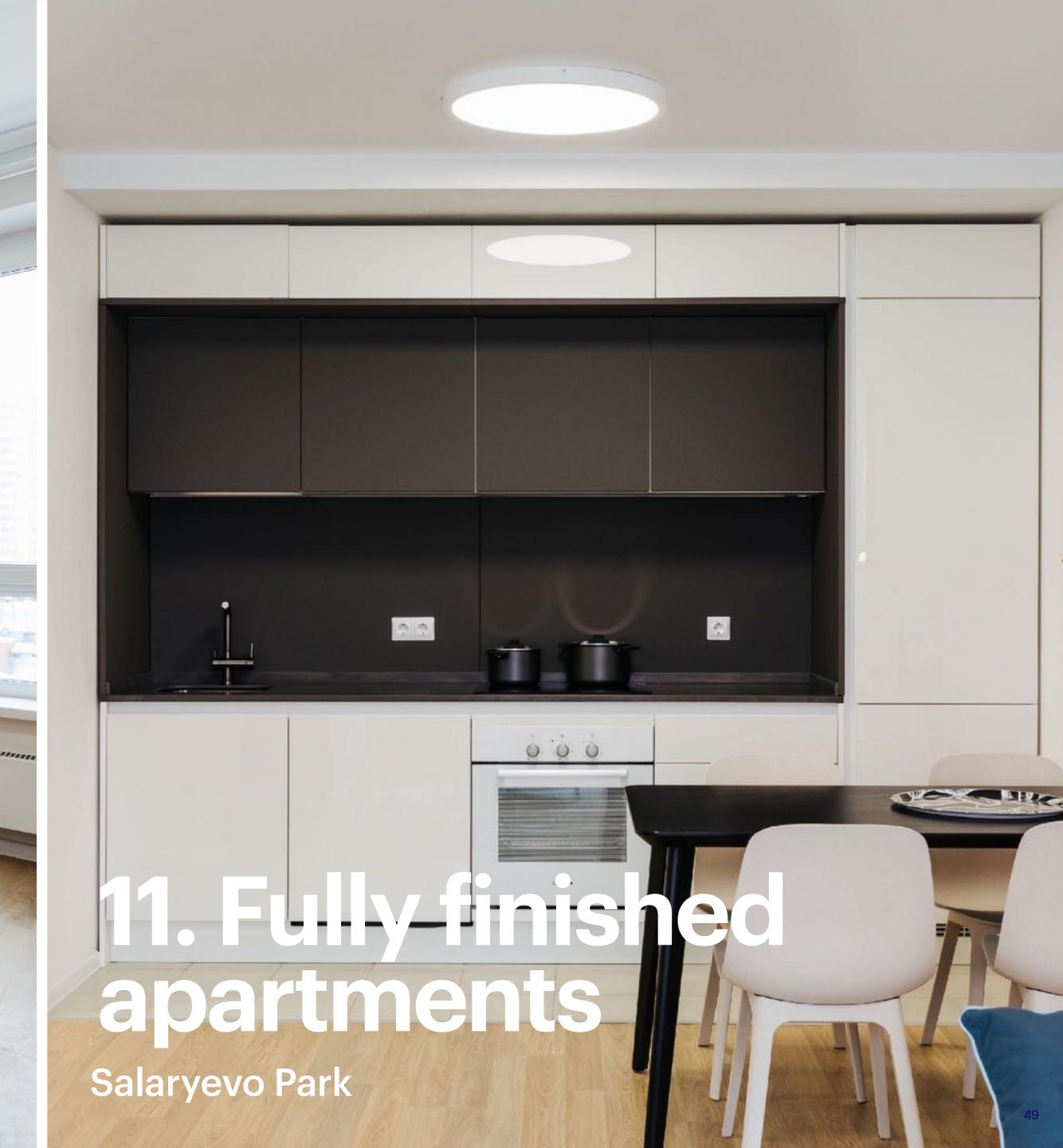






10. Panaramic biological de la construction de la c

-



## 12. Diverse architectu and clurable facades Vander Park



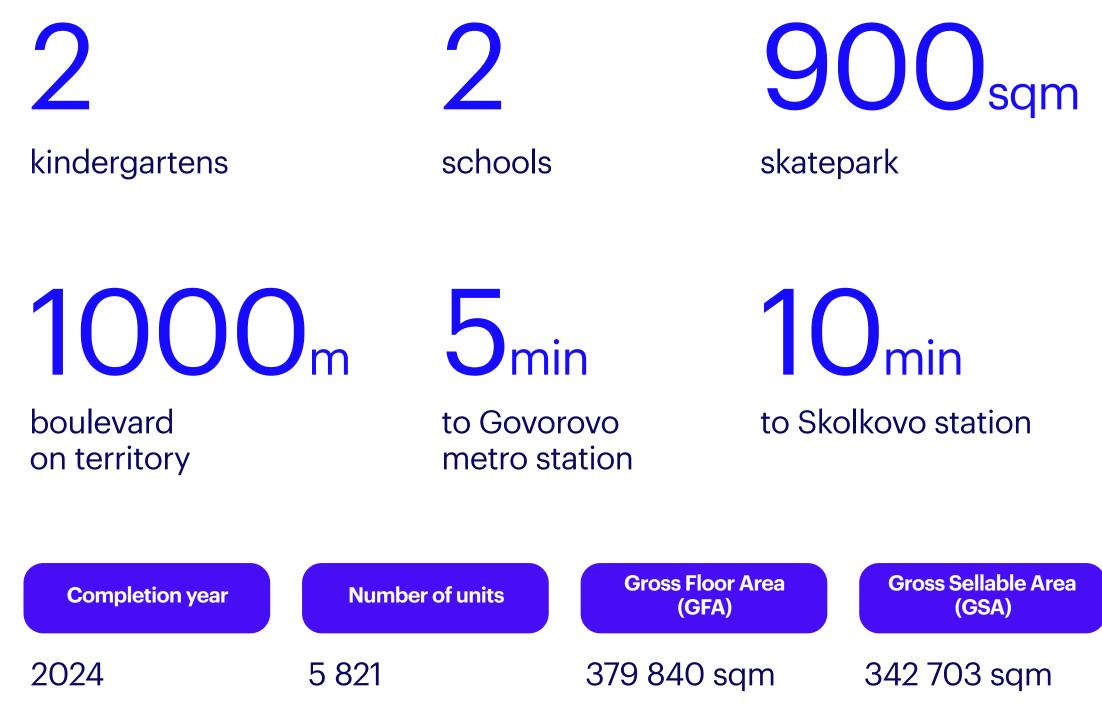
# Selected projects





# **Meschersky Les**

- Residential, comfort-class development occupying an entire block in West Moscow
- Minimalist architecture is distinguished by colorful facades and various layouts of apartments
- The project infrastructure includes two schools, two kindergartens and several above-ground parking lots
- Courtyards are picturesque and commercial shops and cafes are open on the first floors of the housing complexes
- Next to the apartment complex are clinics, supermarkets, shopping center and the hypermarket OBI



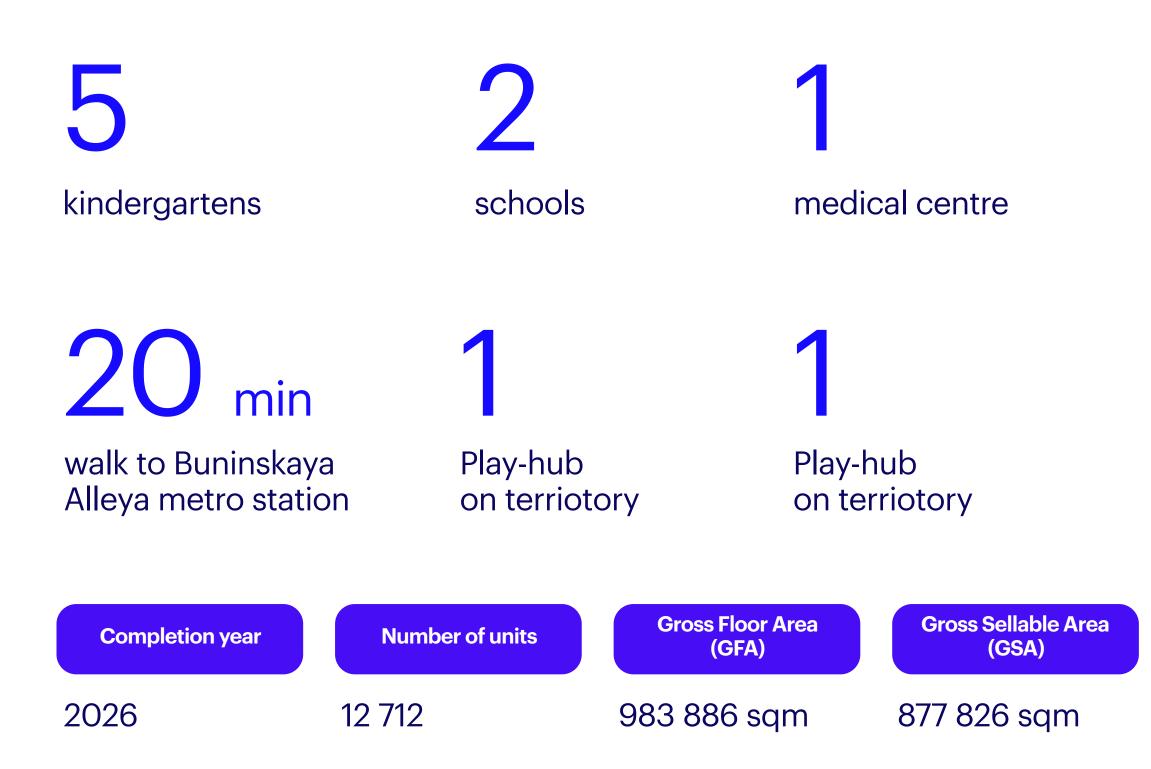
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## Buninskie Luga

- Residential comfort-class neighborhood in the new Moscow District, surrounded by ponds and forest areas
- Infrastructure includes residential buildings of different design, two schools, five kindergartens and medical facilities
- Pedestrian boulevard with cycling lanes, sport fields and quiet places of rest
- Mega shopping malls, Globus, Ashan, OBI, IKEA store and sports complex with swimming pool are a short drive away





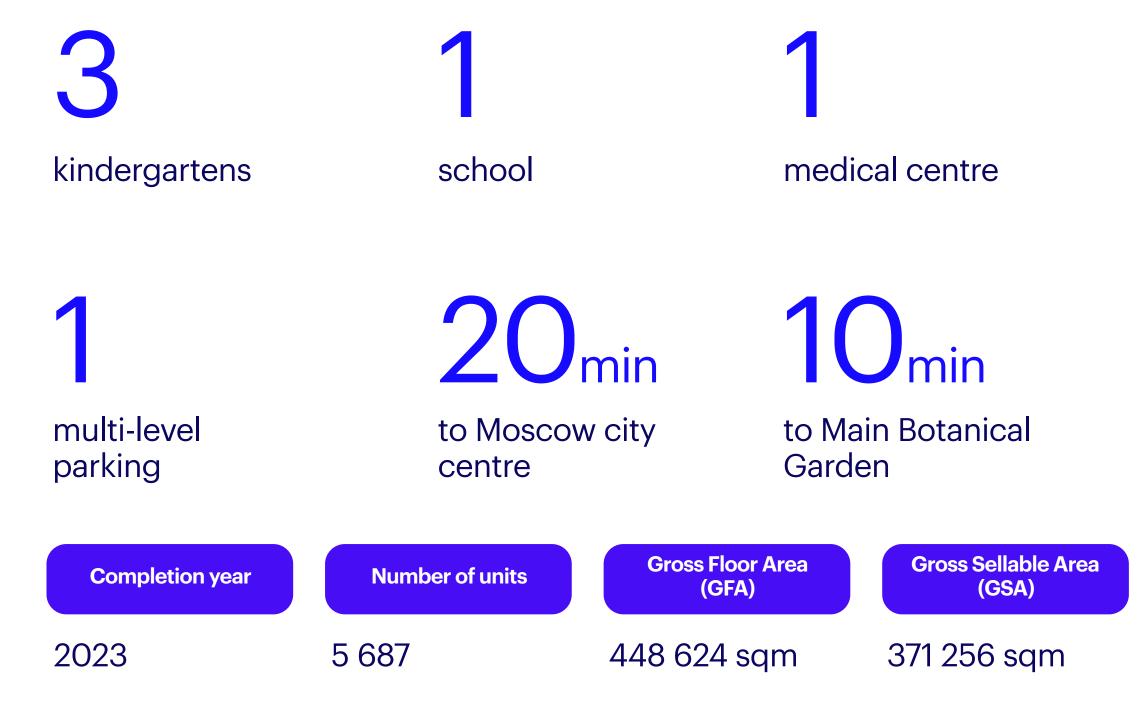






# Green park

- Brand-new monolithic masterplan located in the prestigious, well-developed Ostankino district
- Architecture designed to increase natural light of the residential complexes and create a clear visual identity
- Kindergarten and school facilities created by famous architect, Dominique Coulon Studio
- Pedestrian alley with sport fields, children play-hubs, relaxation areas located in the central square
- Nearby to hypermarkets Auchan, Karusel, Europoli and 10 minutes to metro stations and botanical gardens



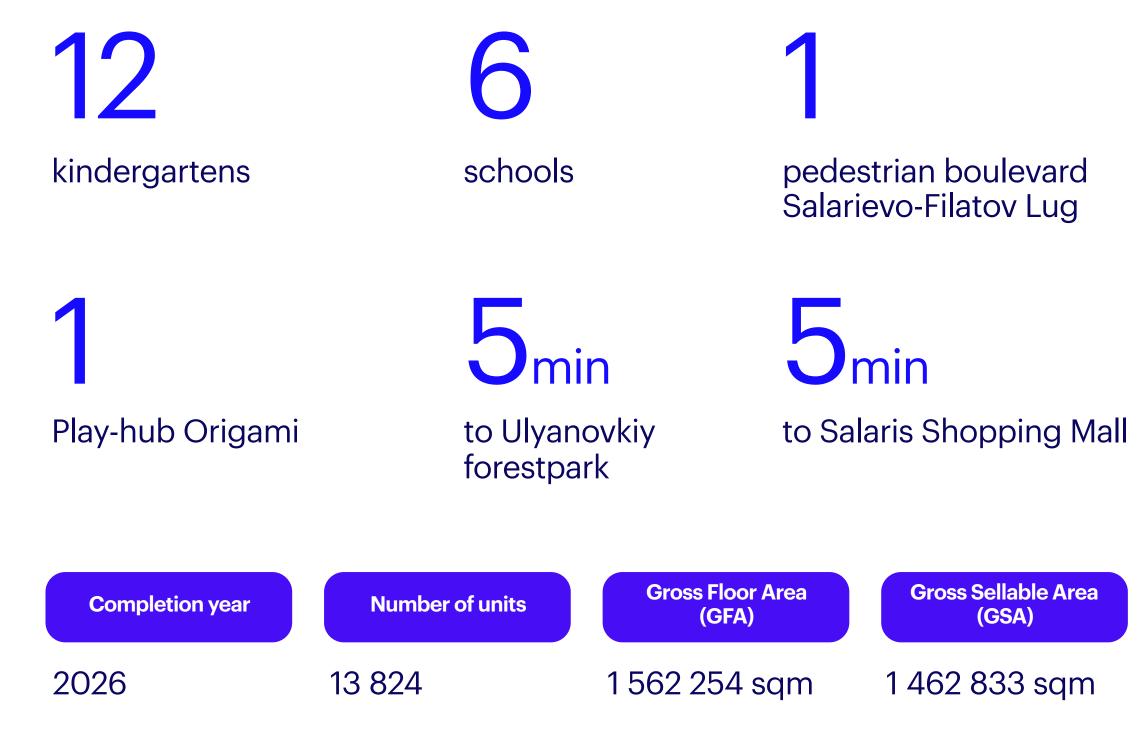






# Salaryevo Park

- A comfort-class Transit Orientated Development (TOD) located
   three kilometers from MKAD on the Kiev highway
- Green parks are equipped with sports fields and relaxation areas
- Unique origami children's playground with a stream, slides and green areas
- Major brand department and food stores nearby include RIO, Metro Cash and Carry and Leroy Merlin
- The Ulyanovsk Forest Park is within walking distance of the area and Rumyantsevo is a five-minute drive away





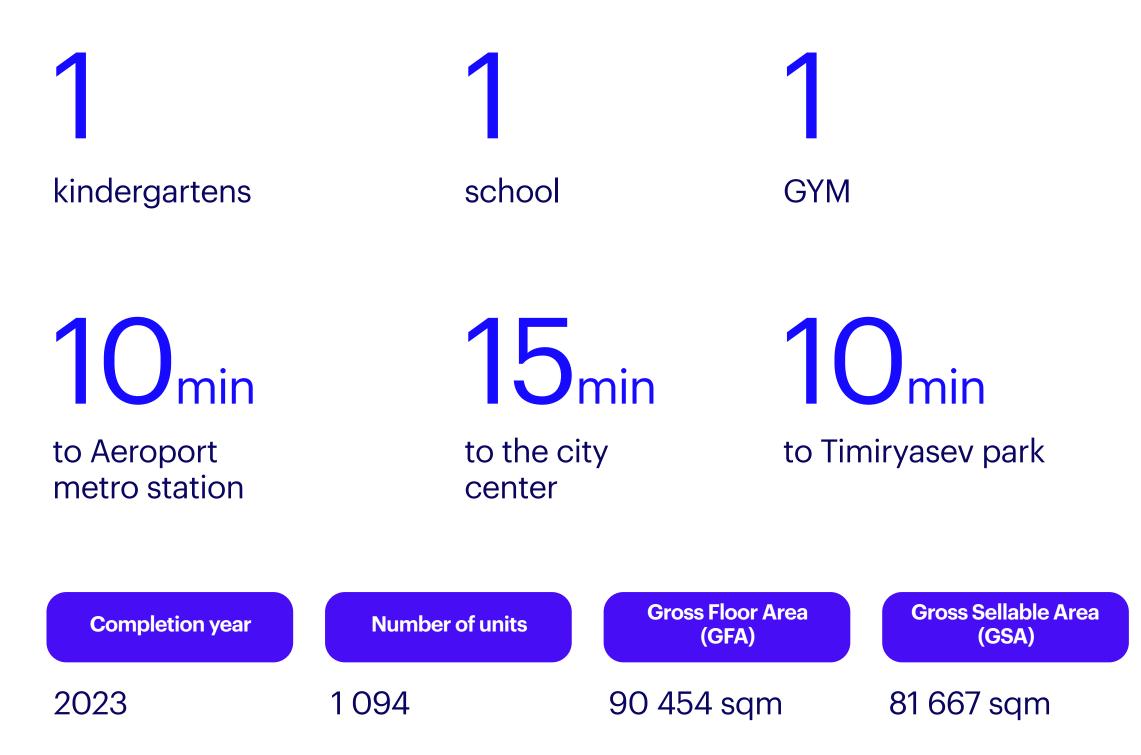






# Chernyakhovsky 19

- The residential complex is in a prestigious area of Moscow near the Timiryazev Forest Park
- The project includes a school, kindergarten, three-story sports and wellness complex, and underground parking. On the first floors of the houses are shops, beauty salons and cafes
- Landscape was developed by the well-known British landscape architectural firm Gillespies
- The Airport metro station, Graduate School of Economics and VTB Arena are a 10-minute walk away and the road to the center of Moscow by car takes 15 minutes







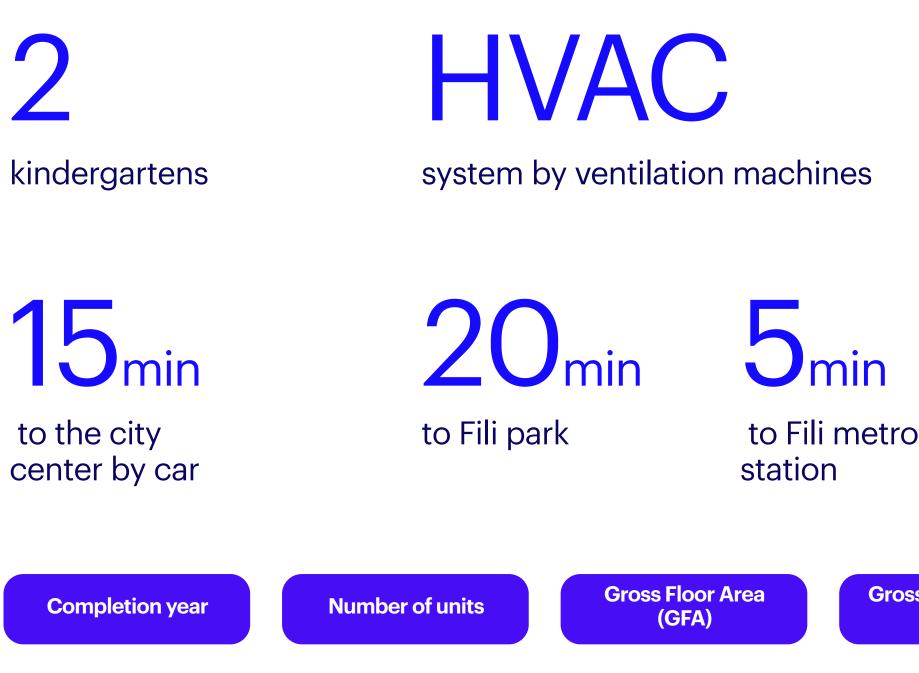






# Zapadny Port

- Modern residential complex being built in a prestigious district on the banks of the Moscow River, 5 minutes on foot from the Fili metro
- The project includes three residential blocks with underground parking and two kindergartens
- Residents will be able to walk around the Fili Park, as well as on their own landscaped embankment overlooking the business center of Moscow City
- The Fillon Entertainment Centre and one of the capital's largest shopping and entertainment centres, Afimall City, are within walking distance



2024

2 787

234 757 sqm





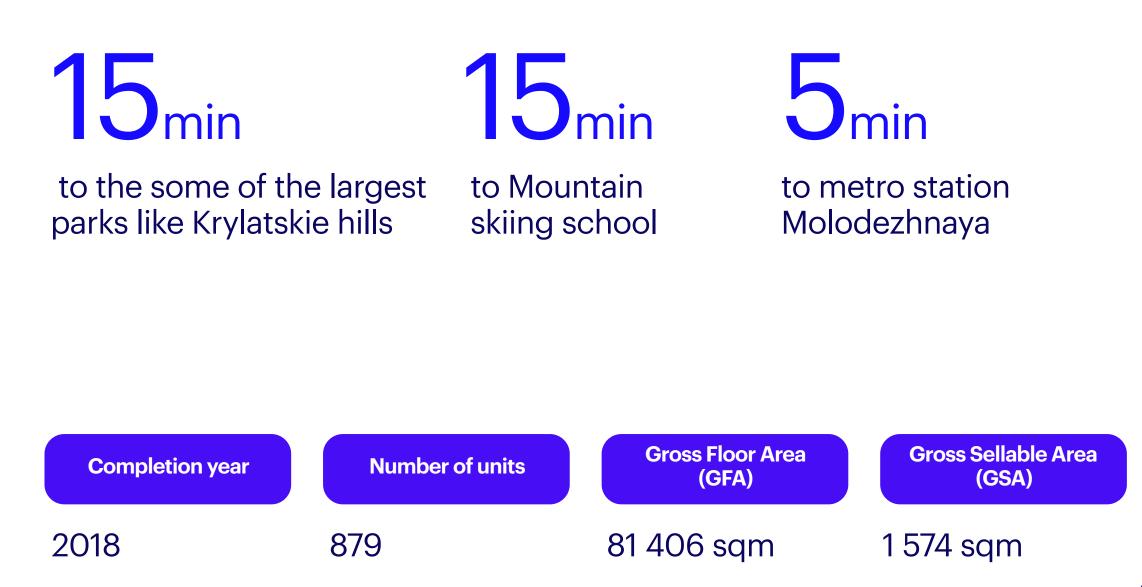






# Vander park

- Luxury residential complex with modernist layouts and a distinct identity in the Moscow skyline
- Development was designed by international de Architekten Cie and has recognizable style of dutch architecture displaying a variety of geometric forms and facades
- Courtyard designed by leading Dutch studio West 8 with direct access to canal walkways
- Smart fitness facilities, swimming pool, recovery area, Finnish sauna, hammam and integrated wellness amenities for residents
- Nearby schools and kindergartens, as well as famous national sports facilities including: rowing channel, ice palace, Olympic cycle track, ski school, equestrian center and golf club are next door





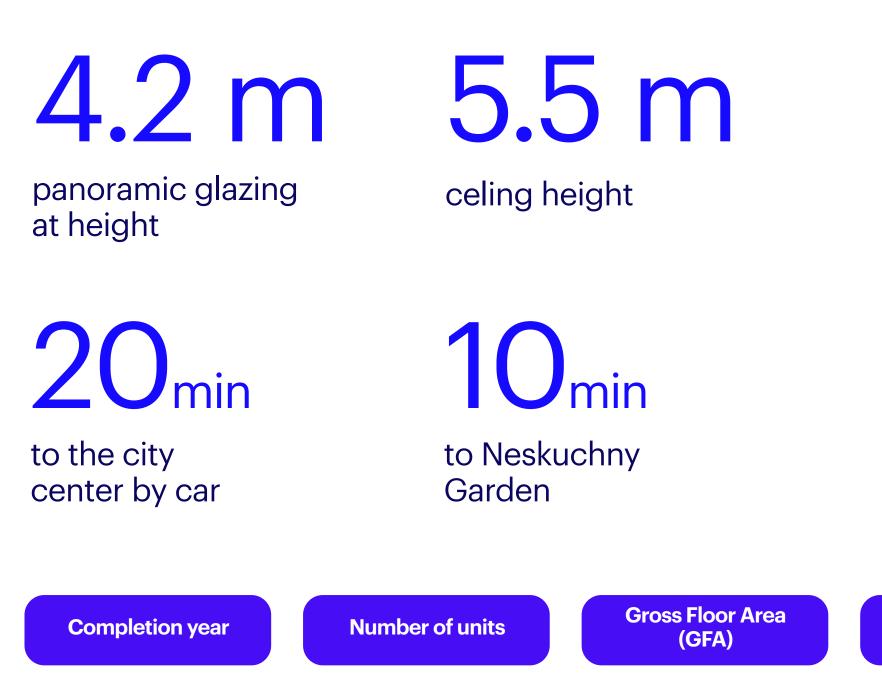






# Vavilova 4

- The prestigious housing complex was developed by the international architectural firm, Aukett Swanke, located in upmarket Donskoy area in Moscow
- Bold design approach with spacious floor-to-ceiling windows allow for panoramic views of Moscow
- The area has developed infrastructure including: schools and kindergartens, shopping malls and a notable equestrian school
- Nearby are the embankment of the Moscow River, Sparrow Mountains, the Academy of Sciences and numerous boulevards.



301

2019

**Gross Sellable Area** (GSA)

606 sqm

35 477 sqm









