

Housing Developer LSR Pays Dividend Despite Loss

By [The Moscow Times](#)

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A man exiting LSR offices. The St. Petersburg housing developer said net profit dropped last year. **A. Astakhova**

Housing developer LSR said Friday that its net profit fell 62 percent in 2010 due to weak crisis-era housing sales, as well as falling prices of building materials.

LSR said the results improved in the second half as the real estate market recovered from the economic crisis, but not enough to compensate for a fall in the first half, when the market was just starting to thaw from the economic meltdown of 2008-09.

The group, which builds low-cost and middle-tier housing mostly in its home city of St. Petersburg and makes building materials, made a net profit of 1.7 billion rubles (\$60 million) in 2010, compared with 4.6 billion rubles the year before.

LSR cut debt by a quarter to 31 billion rubles last year and raised wages that had been slashed

during the crisis years, the company said in a statement.

It said the strong 2009 results were a reflection of pre-crisis sales, while the market recovery will not be reflected until the following year due to the slow pace of the real estate cycle.

LSR also expects better results in upcoming periods because it sold its major loss-making facilities in the Baltic states and expanded in the Moscow region instead.

UralSib investment bank lowered LSR's target price by 14 percent to \$12 per Global Depositary Receipt ahead of the results "due to underperformance in the building materials and construction segment," but recommended to use the weakness as a buying opportunity.

"LSR remains the best company in the sector, while its capacity for gradually enhancing its market share in the St. Petersburg and Moscow areas suggests further potential upside in the stock," analysts said.

LSR's board recommended paying 15 rubles per preferred share in 2010 dividends, despite the fall in last year's profits.

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