

## HMS Group Reports FY 2020 EBITDA of Rub 4.9 billion

Moscow, Russia – April 28, 2021 – HMS Hydraulic Machines & Systems Group Plc (the “HMS Group”, or the “HMS”, or the “Group”) (LSE: HMSG), the leading pump, oil & gas equipment and compressor manufacturer and provider of flow control solutions and related services in Russia and the CIS, today announces its financial results for the twelve months ended December 31, 2020.

### Financial highlights 2020:

- Revenue: Rub 46.5 bn (-10% yoy)
- EBITDA<sup>1</sup>: Rub 4.9 bn (+3% yoy), EBITDA margin at 10.6%
- Operating profit: Rub 1.3 bn (-35% yoy)
- Loss for the period: Rub 816 mn
- Loss for the period adj.<sup>2</sup>: Rub 265 mn
  
- Total debt: Rub 22.2 bn (-9% yoy)
- Net debt: Rub 11.8 bn (-18% yoy)
- Net debt-to-EBITDA LTM ratio: 2.39x

### Operational highlights 2020:

- Backlog<sup>3</sup>: Rub 53.9 bn (+20% yoy)
- Order intake<sup>4</sup>: Rub 54.2 bn (+4% yoy)

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<sup>1</sup> EBITDA is defined as operating profit/(loss) adjusted for other operating income/expenses, depreciation and amortisation, amortisation of government grants, impairment of assets, excess of fair value of net assets acquired over the cost of acquisition, defined benefits scheme expense and provisions (including provision for obsolete inventory, ECL allowance and provision for impairment of trade and other receivables and other financial assets, unused vacation allowance, warranty provision, provision for legal claims, tax provision and other provisions). This measurement basis, therefore, excludes the effects of a number of non-recurring income and expenses on the results of the operating segments.

<sup>2</sup> Loss for the period adj. – is the reported Loss for the period, excluding the effects of goodwill impairment and impairment of previously recognized deferred tax asset

<sup>3</sup> Backlog – Portfolio of uncompleted orders and contracts

<sup>4</sup> Order intake – Portfolio of contracts and orders signed for a period

## GROUP PERFORMANCE

### FY 2020 FINANCIAL RESULTS

- Order intake grew to Rub 54.2 billion, by 4% yoy, compared with Rub 52.2 billion for 2019. The compressors business segment was the main contributor to this growth. In terms of contracts type, large contracts were the main drivers of the growth (+9% yoy).
- Backlog reached Rub 53.9 billion, up by 20% yoy, compared with Rub 44.7 billion last year, based on the compressors and the oil & gas equipment business segments. In terms of contracts type, recurring business grew by 13% yoy and large contracts was up 30% yoy, compared with 2019.
- Revenue was Rub 46.5 billion, down by 10% yoy, compared with Rub 51.4 billion for 2019, because of less revenue generated by the oil & gas equipment and the compressors business segments.
- EBITDA, in contrast, was Rub 4.9 billion (+3% yoy), due to increased margins of pumps and compressors contracts. EBITDA margin grew to 10.6%, compared with 9.4% for 2019.

Consolidated revenue from recurring business declined by 9% yoy, and revenue from large projects was down by 11% yoy. EBITDA from recurring business declined by 12% yoy, and, in contrast, EBITDA from large contracts increased 26% yoy.

- Loss for the period was Rub 816 million, compared with profit for the period at Rub 151 million for 2019. Included in this loss is an impairment of goodwill of Rub 425 million, recognized on acquisition of TMCP in the beginning of 2019. The goodwill was impaired as a result of not meeting targeted synergies with HMS Neftemash in executing large contracts, due to the Covid-19 pandemic and general situation on the oil and gas market.
- Loss for the 2020 year adj. was Rub 265 million.
- Free cash inflow was Rub 3.0 billion, compared with Rub 23 million in 2019, despite lower revenue due to the implemented cost-optimization program.

<i>in millions of Rub</i>	2020	2019	Change yoy	4Q 2020	3Q 2020	Change qoq
Orders	54,205	52,196	4%	15,304	19,359	-21%
Backlog	53,851	44,693	20%	53,851	56,580	-5%
Revenue	46,476	51,413	-10%	15,000	11,978	25%
EBITDA	4,947	4,824	3%	1,576	1,264	25%
<i>EBITDA margin</i>	10.6%	9.4%		10.5%	10.6%	
(Loss)/Profit for the period adj.	(265)	151	na	(41)	90	na
<i>Impairment of goodwill (note 9)</i>	(426)			(426)		
<i>Impairment of previously recognised deferred tax assets (n.22)</i>	(126)			(126)		
(Loss)/Profit for the period	(816)	151	na	(593)	90	na
Free cash inflow	2,958	23	na	2,074	2,397	-13%

## EXPENSES AND OPERATING PROFIT

- Cost of sales was down by 11% yoy to Rub 37.1 billion, compared with Rub 41.8 billion for 2019, due to lower materials and components costs and labour expenses. Materials and components declined 15% yoy because of lower revenue. Labour costs were down by 2% yoy due to the cost-cutting program.

<i>in millions of Rub</i>	2020	2019	Change yoy	Share of 2020 revenue	Share of 2019 revenue
<b>Cost of sales</b>	<b>37,071</b>	<b>41,804</b>	<b>-11%</b>	<b>79.8%</b>	<b>81.3%</b>
Materials and components	23,760	27,957	-15%	51.1%	54.4%
Labour costs incl Social taxes	6,906	7,060	-2%	14.9%	13.7%
Depreciation and amortization	2,122	1,954	9%	4.6%	3.8%
Construction and design <sup>5</sup>	2,557	2,467	4%	5.5%	4.8%
Others	1,726	2,365	-27%	3.7%	4.6%

- Gross profit declined to Rub 9.4 billion, by 2% yoy, compared with Rub 9.6 billion for 2019.
- SG&A expenses<sup>6</sup> declined by 2% yoy due to decrease in general & administrative expenses. Distribution & transportation expenses were up by 1% yoy, mainly due to higher transportation expenses and labour costs. General & administrative expenses declined to Rub 5.2 billion by 3% yoy, compared with 2019, mainly due to decrease in labour costs and business trips expenses.
- Operating profit was down to Rub 1.3 billion by 35% yoy, compared with Rub 2.1 billion in 2019.

<i>in millions of Rub</i>	2020	2019	Change yoy	Share of 2020 revenue	Share of 2019 revenue
<b>Gross profit</b>	<b>9,405</b>	<b>9,609</b>	<b>-2%</b>	<b>20.2%</b>	<b>18.7%</b>
Distribution & transportation	1,986	1,961	1%	4.3%	3.8%
General & administrative	5,243	5,395	-3%	11.3%	10.5%
<b>SG&amp;A expenses</b>	<b>7,228</b>	<b>7,356</b>	<b>-2%</b>	<b>15.6%</b>	<b>14.3%</b>
Other operating expenses	412	196	111%	0.9%	0.4%
<i>Operating expenses ex. Cost of sales</i>	<i>7,641</i>	<i>7,552</i>	<i>1%</i>	<i>16.4%</i>	<i>14.7%</i>
<b>Operating profit</b>	<b>1,338</b>	<b>2,057</b>	<b>-35%</b>	<b>2.9%</b>	<b>4.0%</b>
Finance costs	1,926	1,785	8%	4.1%	3.5%

- Finance costs increased to Rub 1.9 billion by 8% yoy, compared with Rub 1.8 billion in 2019. The main reason was the 5% increase in interest expenses due to the higher level of average debt within 2020, compared with 2019.

<sup>5</sup> Construction and design and engineering services of subcontractors

<sup>6</sup> SG&A expenses - Selling, General and Administrative Expenses, compiled of distribution & transportation expenses plus general & administrative ones

- Average interest rates decreased to 8.00% p.a., compared with 8.57% p.a. last year.

<i>in millions of Rub</i>	2020	2019	Change yoy
<b>Finance costs</b>	<b>1,926</b>	<b>1,785</b>	<b>8%</b>
Interest expenses	1,848	1,764	5%
Interest rate, average	8.00%	8.57%	
Interest rate Rub, average	8.12%	8.69%	

## BUSINESS SEGMENTS PERFORMANCE

### Industrial pumps<sup>i</sup>

- Order intake declined by 22% yoy to Rub 17.8 billion, compared with Rub 22.8 billion for 2019, due to less regular orders received and no large contracts signed. Backlog was down by 7% yoy to Rub 18.2 billion, compared with Rub 19.6 billion in 2019. Demand for pumps was impacted by the COVID-19 pandemic.
- Revenue grew to Rub 20.3 billion by 2% yoy, based on the recurring business. EBITDA was up to Rub 2.9 billion, by 13% yoy, compared with Rub 2.6 billion in 2019, due to a larger share of regular orders with higher profitability. EBITDA margin was 14.5%, compared with 13.1% in 2019.

<i>in millions of Rub</i>	2020	2019	Change yoy	4Q 2020	3Q 2020	Change qoq
Orders	17,773	22,792	-22%	4,429	5,329	-17%
Backlog	18,227	19,572	-7%	18,227	19,749	-8%
Revenue	20,256	19,770	2%	6,311	5,657	12%
EBITDA	2,931	2,599	13%	1,116	797	40%
EBITDA margin	14.5%	13.1%		17.7%	14.1%	

### Oil and Gas equipment & projects (OGEP)<sup>ii</sup>

- Order intake grew to Rub 13.6 billion, by 14% yoy, compared with Rub 11.9 billion in 2019, due to large contracts.
- Backlog was up by 25% yoy to Rub 9.3 billion, compared with Rub 7.4 billion for 2019, due to both large contracts and regular business.
- Revenue declined to Rub 11.3 billion, by 14% yoy, compared with Rub 13.2 billion in 2019. EBITDA was down to Rub 241 million, compared with Rub 430 million in 2019. The main reasons were the COVID-19 pandemic and postponement of projects for 2021.

<i>in millions of Rub</i>	2020	2019	Change yoy	4Q 2020	3Q 2020	Change qoq
Orders	13,568	11,887	14%	3,331	3,514	-5%
Backlog	9,318	7,426	25%	9,318	9,916	-6%
Revenue	11,284	13,160	-14%	2,890	3,241	-11%
EBITDA	241	430	-44%	(49)	47	-204%
EBITDA margin	2.1%	3.3%		-1.7%	1.4%	

### Compressors<sup>iii</sup>

- Order intake grew by 30% to Rub 22.6 billion, compared with Rub 17.4 billion in 2019. Backlog increased to Rub 24.8 billion, compared with Rub 16.1 billion in 2019. Both recurring business and large contracts grew.
- Revenue was down by 16% yoy to Rub 14.9 billion, compared with Rub 17.9 billion, due to less revenue generated by recurring business.
- EBITDA grew by 25% yoy to Rub 1.9 billion, compared with Rub 1.5 billion in 2019, due to higher margins generated by large contracts. EBITDA margin was up to 13.0%, compared with 8.6% in 2019.

<i>in millions of Rub</i>	2020	2019	Change yoy	4Q 2020	3Q 2020	Change qoq
Orders	22,617	17,363	30%	7,511	10,512	-29%
Backlog	24,765	16,067	54%	24,765	25,264	-2%
Revenue	14,947	17,884	-16%	6,080	3,075	98%
EBITDA	1,939	1,546	25%	796	489	63%
EBITDA margin	13.0%	8.6%		13.1%	15.9%	

### Construction<sup>iv</sup>

- Order intake equaled Rub 247 million. Backlog stood at Rub 1.5 billion.
- Revenue was down to Rub 718 million, compared with Rub 1.4 billion in 2019. EBITDA was Rub (63) million, compared with Rub (29) million last year.

<i>in millions of Rub</i>	2020	2019	Change yoy	4Q 2020	3Q 2020	Change qoq
Orders	247	155	60%	32	5	521%
Backlog	1,541	1,628	-5%	1,541	1,652	-7%
Revenue	718	1,394	-49%	138	174	-21%
EBITDA	(63)	(29)	117%	(43)	(59)	-27%
EBITDA margin	-8.8%	-2.1%		-31.2%	-34.0%	

### **WORKING CAPITAL AND CAPITAL EXPENDITURES**

- Working capital declined to Rub 6.8 billion, by 24% yoy, compared with Rub 8.8 billion in 2019. As a share of revenue, working capital declined to 14.5% which is a very low ratio. It was the result of tough anti-crisis measures initiated by the company.
- Maintenance capex was down to Rub 1.4 billion, by 11% yoy, compared with Rub 1.6 billion in 2019

<i>in millions of Rub</i>	2020	2019	Change yoy	4Q 2020	3Q 2020	Change qoq
Working capital	6,752	8,846	-24%	6,752	8,715	-23%
Working capital / Revenue LTM	14.5%	17.2%		14.5%	18.9%	
Capex	1,392	1,571	-11%	250	399	-37%
Acquisition	0	670		0	0	

## DEBT POSITION

- Total debt declined by 9% yoy to Rub 22.2 billion, compared with Rub 24.3 billion in 2019. Net debt was down to Rub 11.8 billion, by 18% yoy, compared with Rub 14.4 billion in 2019.
- Net debt to EBITDA LTM ratio decreased to 2.39x, compared with 2.98x in 2019.

<i>in millions of Rub</i>	2020	2019	Change yoy	4Q 2020	3Q 2020	Change qoq
Total debt	22,175	24,321	-9%	22,175	22,832	-3%
Net debt	11,814	14,369	-18%	11,814	13,897	-15%
Net debt / EBITDA LTM	2.39	2.98		2.39	2.89	

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE & FINANCIAL MANAGEMENT

### LARGE CONTRACTS

- After the reporting date, in April 2021, the company announced the signature of a Rub 7.5 billion contract to design and manufacture oil & gas equipment for one of the largest gas fields in Russia. The contract is for manufacture, delivery and installation of membrane modules and elements, turbocompressor units for an interstage compressor station and gas transportation units for a gas booster station as part of a helium concentrate membrane recovery unit. This is a follow-up contract HMS Group has secured with this client. The first one was announced in 2017 in a Rub 10.2 billion contract, and that was the first project of that kind in Russia.

### BUYBACK PROGRAM

- After the reporting date, HMS Group repurchased 176,000 GDRs under its buyback program.

### DIVIDENDS

- The Board of Directors at the meeting on April 21, 2021, recommended payment of a final dividends in respect of FY 2020 in the amount of Rub 4.25 per one ordinary share (Rub 21.25 per one GDR). The dividends are subject to the approval at the AGM on June 24, 2021. Subject to such approval, the Dividends may be paid on July 1, 2021 to shareholders on the Company's register at close of business (UK time) on June 18, 2021 (the "Record Date").

### MOEX LISTING

- Also, the Board of Directors approved the listing of the Group's GDRs as a Foreign Issuer on the Moscow Exchange. The Company's GDRs will continue trading on the Main Market of the London Stock Exchange. Trading of HMS Group's GDRs on the Moscow Exchange is expected to commence in the second quarter of 2021, subject to approval by the Moscow Exchange.

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**Webcast to discuss FY 2020 IFRS**

**Date:** Wednesday, April 28, 2021  
**Time:** 5.00 PM (MOSCOW) / 3.00 PM (London) / 10.00 AM (NY)  
**HMS Group FY 2020 IFRS results**  
**Conference passcode: 5377110**

To participate in the conference call, please dial in:

Russia Local: +7 499 609 1260  
Russia Toll Free: 8 800 100 9471

UK Local: +44 (0)330 027 1846  
UK Toll Free: 0800 031 4838

US Local: +1 334 777 6978  
US Toll Free: 800 367 2403

**Live link**

<https://www.webcast-egs.com/hmsgroup20210428>

**Contacts:**

Investor Relations, [ir@hms.ru](mailto:ir@hms.ru)

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HMS Group is the leading pump and compressor manufacturer, as well as provider of flow control solutions and related services to the oil and gas, nuclear and thermal power generation and water utilities sectors in Russia and the CIS. HMS Group's products are mission-critical elements of projects across a diverse range of industries. It has participated in a number of large-scale infrastructure projects in Russia, including providing pumps and modular equipment to the Vankor oil field and pumping stations on recent trunk pipelines projects linking Russia's core oil producing areas to export ports on the Pacific Ocean and Baltic Sea. HMS Group's global depository receipts ("GDRs") are listed under the symbol "HMSG" on the London Stock Exchange.

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**Consolidated Statement of Financial Position at 31 December 2020**

<i>in thousands of Russian Roubles, unless otherwise stated</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>ASSETS</b>		
<b>Non-current assets:</b>		
Property, plant and equipment	14,684,279	15,532,576
Other intangible assets	1,743,399	2,001,646
Goodwill	3,255,984	3,370,275
Right-of-use assets	183,211	174,614
Investments in associates	94,307	94,489
Deferred income tax assets	786,455	631,428
Other long-term assets	42,252	42,316
Investment property	176,833	186,632
<b>Total non-current assets</b>	<b>20,966,720</b>	<b>22,033,976</b>
<b>Current assets:</b>		
Inventories	8,847,749	7,859,051
Trade and other receivables and other financial assets	15,598,766	18,051,909
Contract assets	6,201,354	8,058,877
Current income tax receivable	94,972	227,917
Cash and cash equivalents	10,360,588	9,952,118
<b>Total current assets</b>	<b>41,103,429</b>	<b>44,149,872</b>
<b>TOTAL ASSETS</b>	<b>62,070,149</b>	<b>66,183,848</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	48,329	48,329
Share premium	3,523,535	3,523,535
Treasury shares	(33,055)	(319,475)
Other reserves	129,392	62,716
Currency translation reserve	646,427	(44,878)
Retained earnings	5,510,974	7,029,094
<b>Equity attributable to the shareholders of the Company</b>	<b>9,825,602</b>	<b>10,299,321</b>
<b>Non-controlling interests</b>	<b>3,518,674</b>	<b>3,569,953</b>
<b>TOTAL EQUITY</b>	<b>13,344,276</b>	<b>13,869,274</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities:</b>		
Long-term borrowings	20,452,736	20,582,061
Deferred income tax liability	1,421,489	1,620,211
Retirement benefit obligations	646,213	597,238
Provisions for liabilities and charges	228,199	154,809
Lease liabilities	153,048	139,272
Other long-term payables	230,581	240,172
<b>Total non-current liabilities</b>	<b>23,132,266</b>	<b>23,333,763</b>
<b>Current liabilities:</b>		
Trade and other payables	17,969,950	20,658,429
Contract liabilities	4,304,845	2,248,029
Short-term borrowings	1,548,574	3,578,390
Provisions for liabilities and charges	589,762	550,050
Retirement benefit obligations	77,859	76,904
Lease liabilities	20,440	21,329
Current income tax payable	134,080	218,974
Other taxes payable	948,097	1,628,706
<b>Total current liabilities</b>	<b>25,593,607</b>	<b>28,980,811</b>
<b>TOTAL LIABILITIES</b>	<b>48,725,873</b>	<b>52,314,574</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>62,070,149</b>	<b>66,183,848</b>



**Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020**

<i>in thousands of Russian Roubles, unless otherwise stated</i>	<b>2020</b>	<b>2019</b>
Revenue	46,476,487	51,412,961
Cost of sales	(37,071,430)	(41,803,705)
<b>Gross profit</b>	<b>9,405,057</b>	<b>9,609,256</b>
Distribution and transportation expenses	(1,985,928)	(1,961,331)
General and administrative expenses	(5,242,566)	(5,395,083)
Other operating expenses, net	(412,472)	(195,595)
Impairment of goodwill	(425,668)	-
<b>Operating profit</b>	<b>1,338,423</b>	<b>2,057,247</b>
Finance income	251,571	172,302
Finance costs	(1,926,310)	(1,784,607)
Share of results of associates	(161)	(632)
<b>(Loss)/profit before income tax</b>	<b>(336,477)</b>	<b>444,310</b>
Income tax expense	(479,814)	(293,680)
<b>(Loss)/profit for the year</b>	<b>(816,291)</b>	<b>150,630</b>
<b>(Loss)/profit attributable to:</b>		
Shareholders of the Company	(971,996)	(93,932)
Non-controlling interests	155,705	244,562
<b>(Loss)/profit for the year</b>	<b>(816,291)</b>	<b>150,630</b>
<b>Other comprehensive income/(loss):</b>		
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Remeasurement of post-employment benefit obligations	(5,321)	(64,673)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	693,105	(141,369)
Currency translation differences of associates	(21)	1,856
<b>Other comprehensive income/(loss) for the year</b>	<b>687,763</b>	<b>(204,186)</b>
<b>Total comprehensive loss for the year</b>	<b>(128,528)</b>	<b>(53,556)</b>
<b>Total comprehensive loss attributable to:</b>		
Shareholders of the Company	(288,238)	(300,891)
Non-controlling interests	159,710	247,335
<b>Total comprehensive loss for the year</b>	<b>(128,528)</b>	<b>(53,556)</b>
<b>Basic and diluted loss per ordinary share for profit attributable to the ordinary shareholders (RR per share)</b>	<b>(8.50)</b>	<b>(0.84)</b>

## Consolidated Statement of Cash Flows for the year ended 31 December 2020

<i>in thousands of Russian Roubles, unless otherwise stated</i>	2020	2019
<b>Cash flows from operating activities</b>		
(Loss)/profit before income tax	(336,477)	444,310
Adjustments for:		
Depreciation and amortisation	2,451,191	2,295,572
Gain from disposal of property, plant and equipment and intangible assets	(1,821)	(50,312)
Finance income	(251,571)	(172,302)
Finance costs	1,926,310	1,784,607
Change in retirement benefits obligations	82,075	95,974
Change in warranty provision	136,752	6,392
Change in expected credit losses allowance for trade and other receivables and other financial assets and allowance for impairment of non-financial assets	72,152	116,303
Change in expected credit losses allowance for cash and cash equivalents	31,850	-
Change in allowance for obsolete inventories	10,598	118,515
Change in provision for legal claims	83,987	(32,866)
Share-based compensation	58,921	118,544
Foreign exchange loss, net	73,534	80,332
Gain on remeasurement of contingent consideration liability	-	(58,890)
Amortisation of government grants	(36,048)	(32,411)
Impairment of taxes	10,418	-
Impairment of goodwill	425,668	-
Impairment of property, plant and equipment	13,936	-
Change in provision for tax risks, other than income tax	9,898	-
Share of results of associates	161	632
<b>Operating cash flows before working capital changes</b>	<b>4,761,534</b>	<b>4,714,400</b>
(Increase)/decrease in inventories	(869,830)	1,142,258
Decrease/(increase) in trade and other receivables	2,967,766	(5,825,144)
Decrease/(increase) in contract assets	1,916,049	(3,493,520)
Decrease in current income tax receivable	132,920	29,492
(Decrease)/increase in accounts payable and accrued liabilities	(3,361,448)	6,830,995
Increase in contract liabilities	2,056,816	404,649
(Decrease)/increase in taxes payable	(829,967)	354,446
<b>Cash from operations</b>	<b>6,773,840</b>	<b>4,157,576</b>
Income tax paid	(806,031)	(366,040)
Interest paid	(1,887,821)	(1,793,240)
Interest received	259,533	164,692
<b>Net cash from operating activities</b>	<b>4,339,521</b>	<b>2,162,988</b>
<b>Cash flows from investing activities</b>		
Repayment of loans advanced	6,953	10,378
Loans advanced	(20,203)	(30,588)
Proceeds from sale of property, plant and equipment and intangible assets, net	55,948	120,539
Interest received	-	175
Purchase of property, plant and equipment, net of VAT	(937,132)	(996,241)
Acquisition of intangible assets, net of VAT	(454,417)	(574,322)
Acquisition of subsidiaries, net of cash acquired	-	(670,141)
Repayment of contingent consideration liability	(33,000)	-
<b>Net cash used in investing activities</b>	<b>(1,381,851)</b>	<b>(2,140,200)</b>
<b>Cash flows from financing activities</b>		
Repayments of borrowings	(11,478,749)	(9,488,918)
Proceeds from borrowings	9,127,605	14,364,549
Proceeds from government grant	28,092	40,000
Repayment of the lease liabilities principal	(35,905)	(27,234)
Buy back of issued shares	(1,705)	(25,649)
Dividends related to Long-term Incentive Program	(5,660)	(42,964)
Dividends paid to non-controlling shareholders of subsidiaries	(55,162)	(60,950)
Dividends paid to the shareholders of the Company	(391,942)	(1,103,859)
<b>Net cash (used in)/from financing activities</b>	<b>(2,813,426)</b>	<b>3,654,975</b>
<b>Net increase in cash and cash equivalents</b>	<b>144,244</b>	<b>3,677,763</b>
<b>Effect of exchange rate changes on cash and cash equivalents and effect of translation to presentation currency</b>	<b>296,076</b>	<b>(20,804)</b>
<b>Effect of changes in expected credit losses allowance for cash and cash equivalents</b>	<b>(31,850)</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>9,952,118</b>	<b>6,295,159</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>10,360,588</b>	<b>9,952,118</b>

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<sup>i</sup> The industrial pumps business segment designs, engineers, manufactures and supplies a diverse range of pumps and pump-based integrated solutions to customers in the oil and gas, power generation and water utilities sectors in Russia, the CIS and internationally. The business segment's principal products include customized pumps and integrated solutions as well as pumps built to standard specifications; it also provides aftermarket maintenance and repair services and other support for its products.

<sup>ii</sup> The oil and gas equipment and projects business segment manufactures, installs and commissions modular pumping stations, automated metering equipment, oil, gas and water processing and preparation units and other equipment and systems for use primarily in oil extraction and transportation. The segment's core products are equipment packages and systems installed inside a self-contained, free-standing structure which can be transported on trailers and delivered to and installed on the customer's site as a modular but fully integrated part of the customer's technological process.

<sup>iii</sup> The compressors business segment designs, engineers, manufactures and supplies a diverse range of compressors and compressor-based solutions, including compressor units and compressor stations, to customers in the oil and gas, metals and mining and other basic industries in Russia. The business segment's principal products include customized compressors, series-produced compressors built to standard specifications, and compressor-based integrated solutions.

<sup>iv</sup> The construction provides construction works for projects for customers in the oil upstream and midstream, gas upstream.