



Capital Markets

FY 2021 IFRS results

Investor presentation



APRIL 29, 2021

Financial results FY 2021



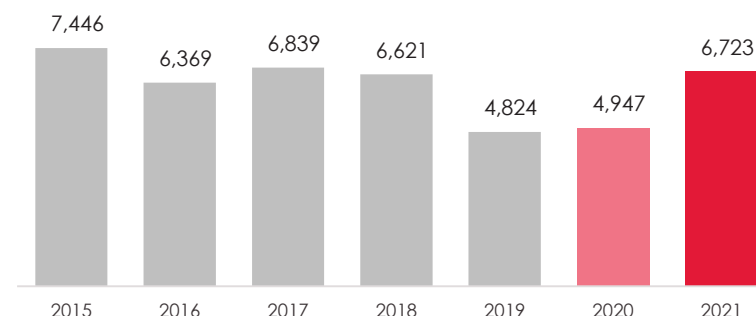
HMS Group back to its regular financial performance along with recovery in the oil & gas equipment segment



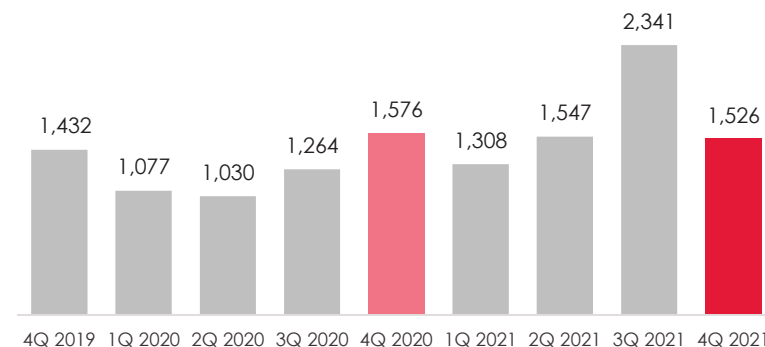
Revenue and EBITDA grew due to continuing recovery in OGE

<i>in millions of Rub</i>	FY 2021	FY 2020	Chg, yoy	4Q 2021	4Q 2020	Chg, yoy
Revenue	57,159	46,476	23%	16,038	15,000	7%
EBITDA	6,723	4,947	36%	1,526	1,576	-3%
Gross profit	11,423	9,405	21%	3,072	3,094	-1%
Operating profit	3,809	1,338	185%	626	123	409%
Profit/(Loss) for the period	1,241	(816)	na	32	(593)	na
EBITDA margin	11.8%	10.6%	112 bps	9.5%	10.5%	-99 bps
Gross margin	20.0%	20.2%	-25 bps	19.2%	20.6%	-148 bps
Operating margin	6.7%	2.9%	378 bps	3.9%	0.8%	309 bps
Profit/(Loss) for the period margin	2.2%	-1.8%	393 bps	0.2%	-4.0%	415 bps
Total debt	22,668	22,175	2%	22,668	22,175	2%
Net debt	13,896	11,814	18%	13,896	11,814	18%
EBITDA LTM	6,723	4,947	36%	6,723	4,947	36%
Net debt to EBITDA LTM	2.07	2.39		2.07	2.39	

HMS EBITDA for the period, pa
2015 – 2021, Rub mn



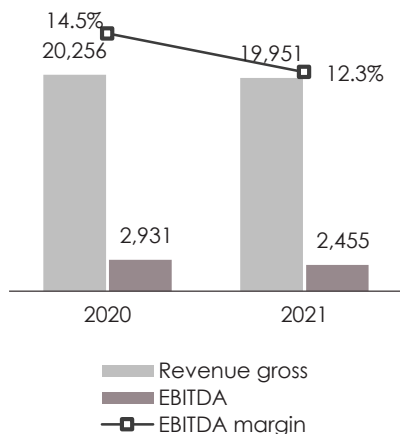
HMS EBITDA for the period, quarterly
4Q 2019 - 4Q 2021, Rub mn



Segments overview



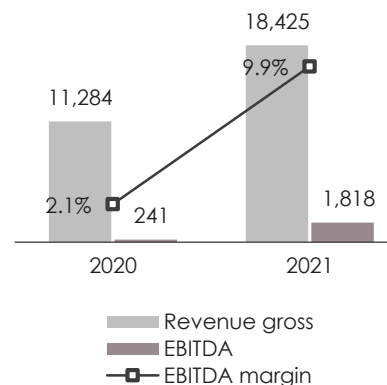
Pumps



Revenue -2% yoy
EBITDA -16% yoy

- Revenue down 2% to Rub 20.0 bn
- EBITDA was down 16% to Rub 2.5 bn
- Revenue and EBITDA down vs. FY 2020 because of less earnings generated by long-term contracts due to shifts in operating schedules caused by COVID-19
- EBITDA margin down to 12.3%

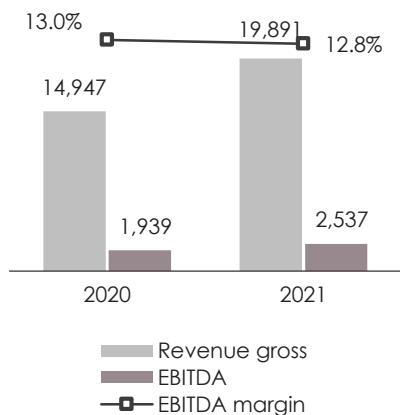
Oil & gas equipment and projects



Revenue +63% yoy
EBITDA +653% yoy

- Revenue and EBITDA grew due to large contracts
- EBITDA margin recovered to 9.9% due to a larger share of large contracts vs. comparable period

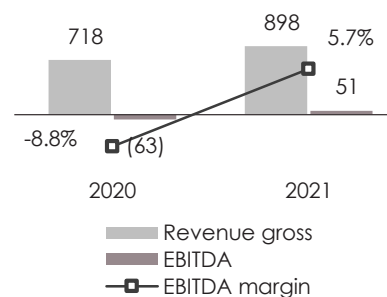
Compressors



Revenue +33% yoy
EBITDA +31% yoy

- Revenue was up to Rub 19.9 bn due to large contracts
- EBITDA was up to Rub 2.5 bn, fully due to execution of large contracts
- EBITDA margin was 12.8%

Construction (TGS)



Revenue +25% yoy
EBITDA na

- Expected growth in revenue and EBITDA

HMS costs & expenses structure



Cost of sales* was up 23% yoy

- Cost of sales increased 23% yoy in line with revenue growth
- As a share of revenue, Cost of sales was up, to 80.0% from 79.8%

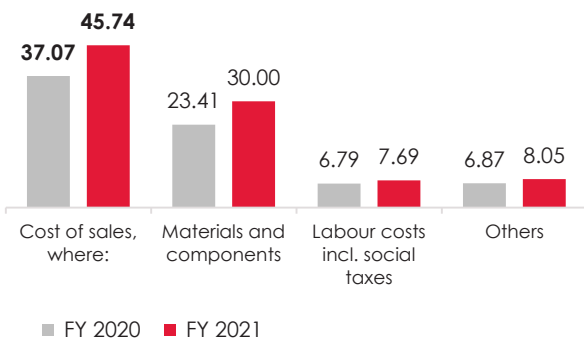
Distribution and transportation expenses down 9% yoy

- As a share of revenue, distribution and transportation expenses were down to 3.1% from 4.3%
- Labour costs incl. social taxes up 11% yoy, after tough bailout package in 1H 2020
- Transportation expenses down 28% yoy

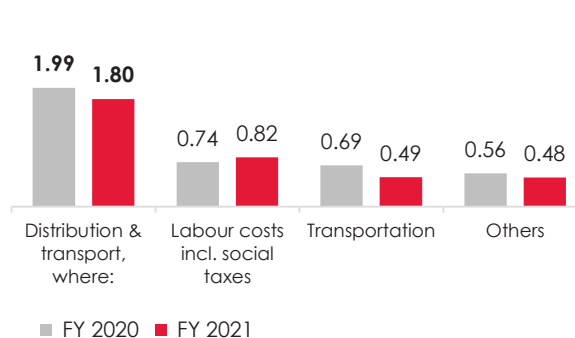
General & administrative expenses up 9% yoy

- General & administrative expenses were up 9% yoy due to labor costs increase (+15% yoy)
- As a share of revenue, general & administrative expenses was down to 10.0%, compared with 11.3% for FY 2020

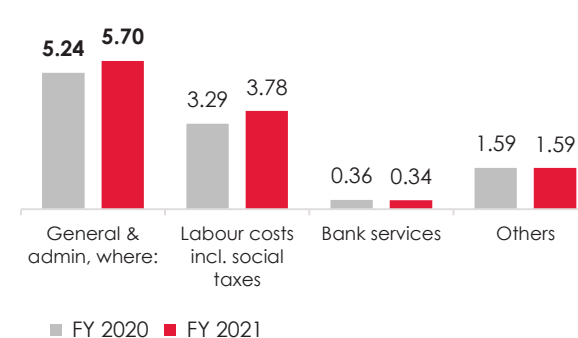
Cost of sales, FY 2021 vs FY 2020 in Rub bn



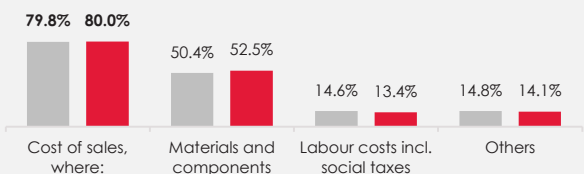
Distribution & transportation expenses, FY 2021 vs FY 2020 in Rub bn



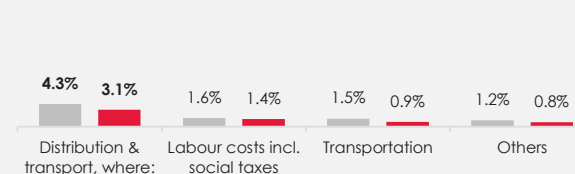
General & administrative expenses, FY 2021 vs FY 2020 in Rub bn



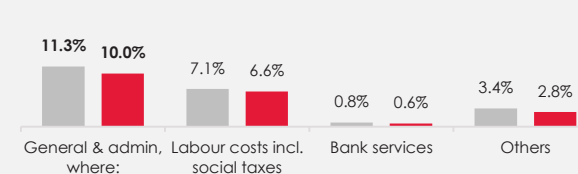
Share in revenue



Share in revenue



Share in revenue



Source: company data, IFRS accounts

Note: In Cost of sales analysis, materials & components, labour costs and social taxes were additionally derived from Change in work in progress and finished goods, thereby do not coincide with the note in the financial statement

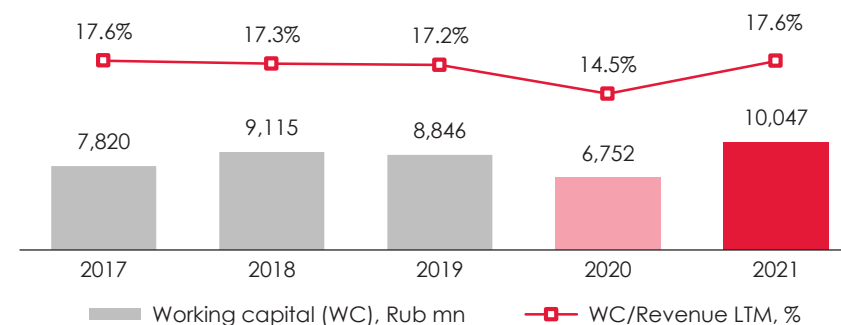
Cash flow analysis



Free Cash Outflow grew due to higher working capital requirements

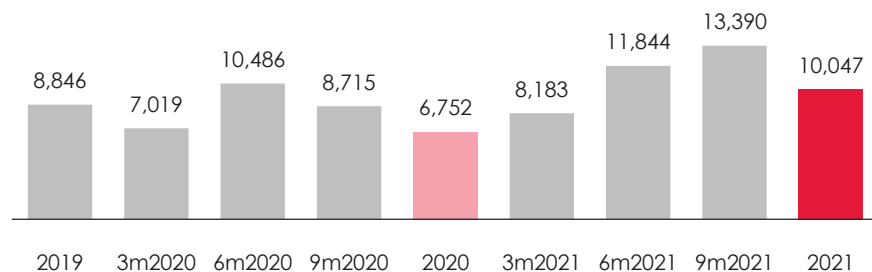
Cash flows performance, Rub mn	FY 2021	FY 2020
Operating cash flow	297	4,340
Investing cash flow, where:	(1,278)	(1,382)
Maintenance capex	(1,384)	(1,392)
Acquisitions (M&A)	-	-
Free cash flow*	(982)	2,958
Dividends	(797)	(447)

Working capital grew 49% yoy WC/Revenue LTM ratio at 17.6%

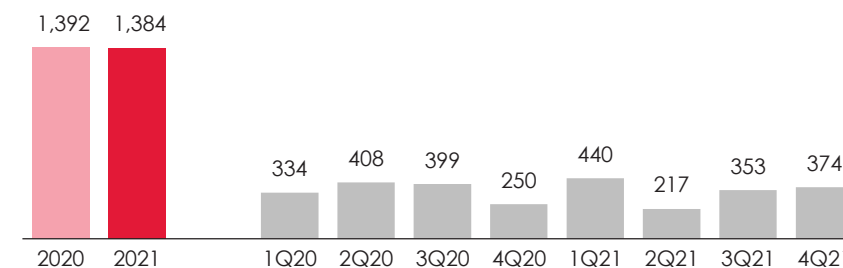


Operating cash flow fluctuates following Working capital

HMS Working capital quarterly volatility
FY 2019 – FY 2021, Rub mn



Capex was down 1% yoy



Source: Company data, IFRS

(*) Free cash flow before dividends

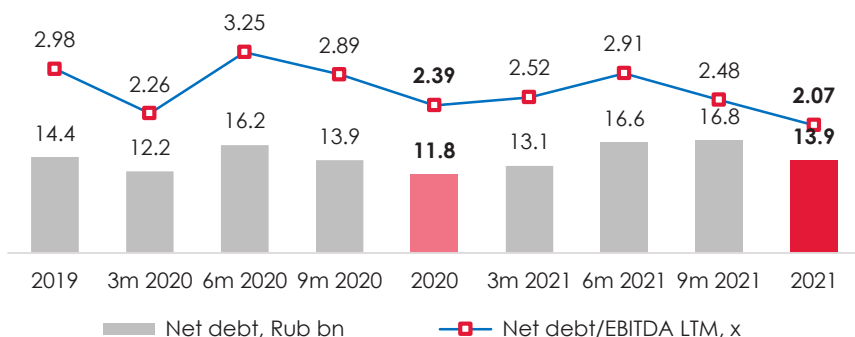
Note: Differences in calculations can occur due to the rounding-off rule

Net debt/EBITDA LTM of HMS Group at 2.07x



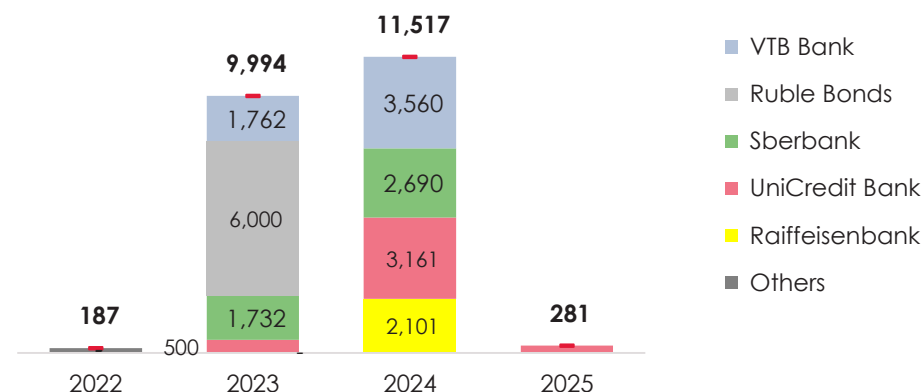
2021 Net debt/EBITDA LTM 2.07x vs 2020 Net debt/EBITDA LTM 2.39x

HMS Net debt fluctuates in the range Rub 12-17 bn

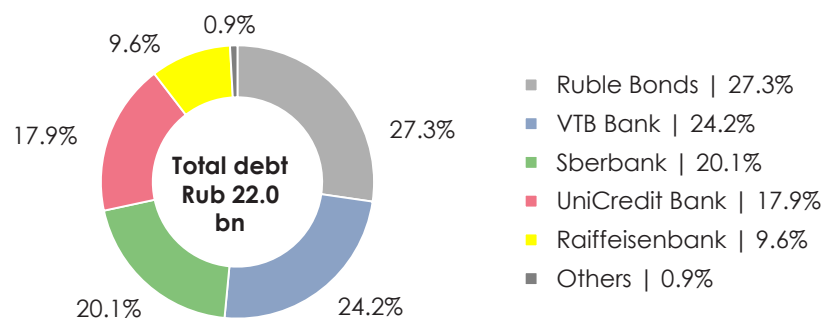


Debt repayment schedule in April 2022, Rub mn

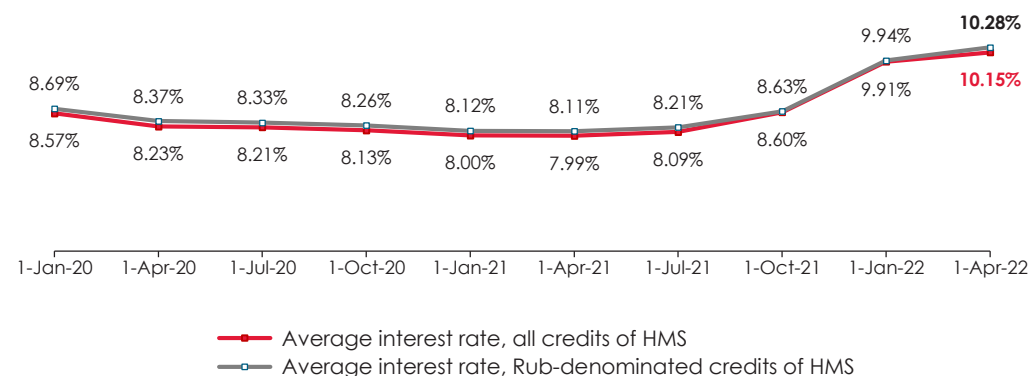
As of today, HMS almost doesn't have debt repayments in 2022
Total debt Rub 22.0 bn



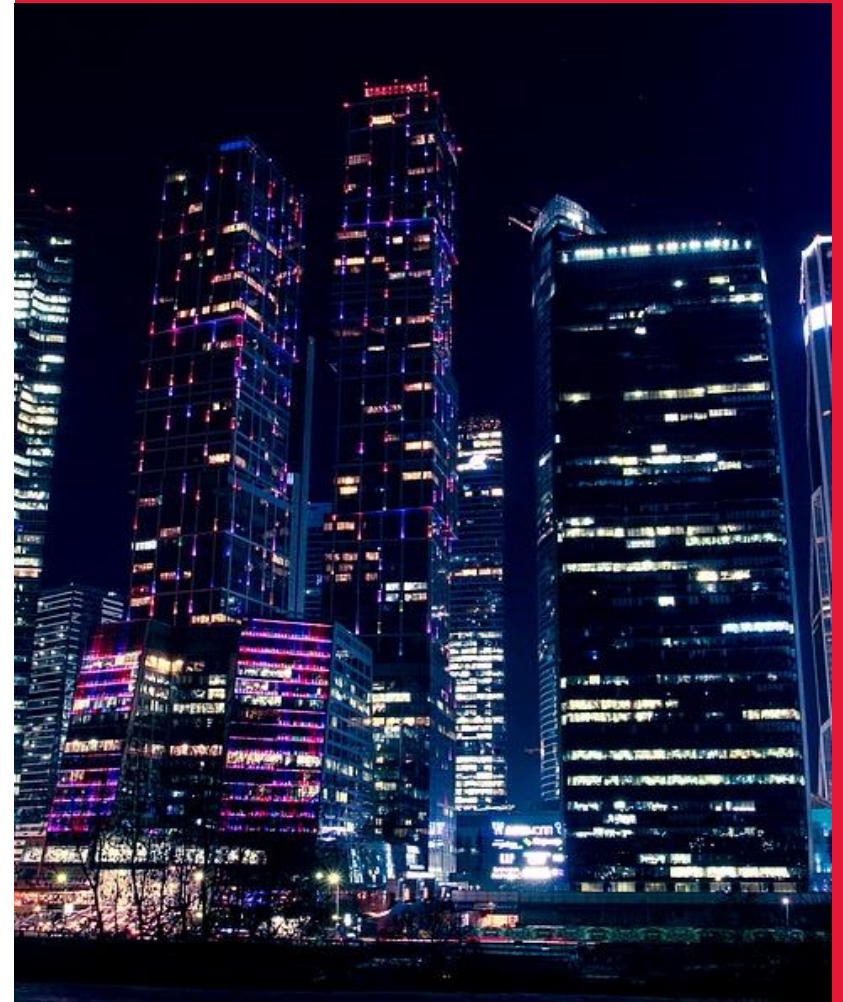
Structure of HMS creditors in April 2022



Average interest rate up to 10.15% pa in April 2022



Business & Outlook

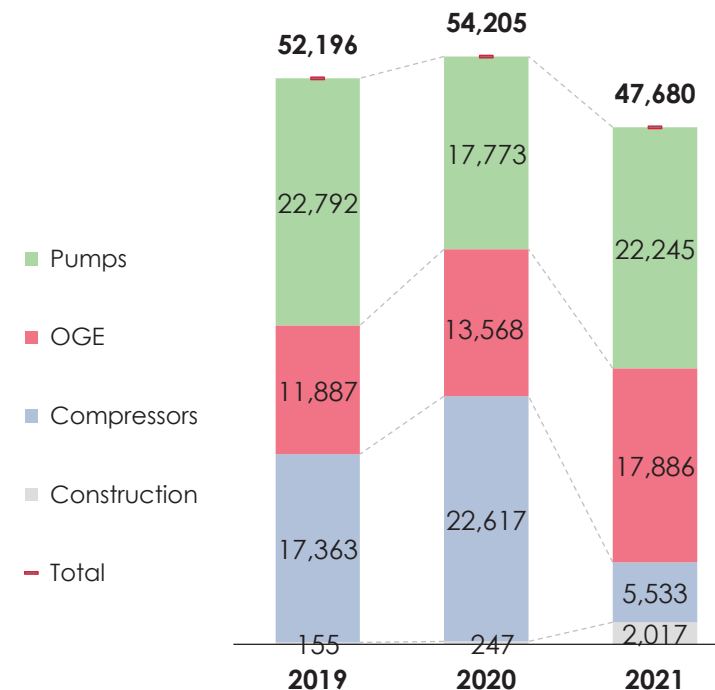
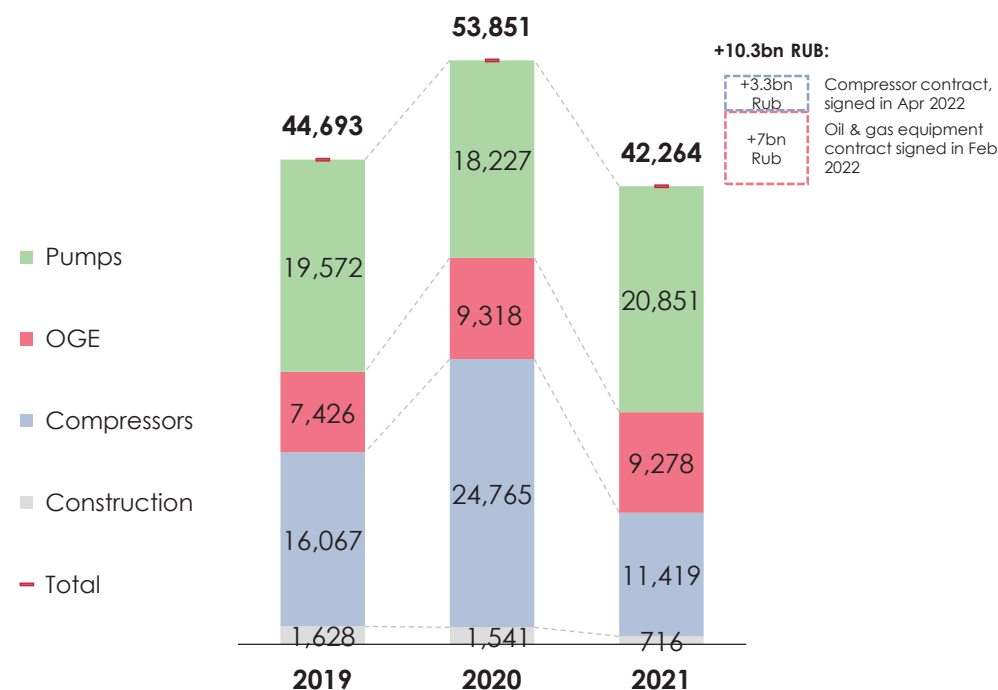


Backlog and Order intake

Backlog decreased but in the same time company is working on a number of opportunities in 2022
 Due to postponement of tenders and signing of large contracts, HMS is not executing new contracts with “old” prices

— Backlog¹ -22% yoy

— Order intake² -12% yoy



Source: Company data, management accounts

1) Backlog - Portfolio of orders under execution

2) Order intake – Portfolio of orders and contracts, signed within a period

Revenue structure by contracts type

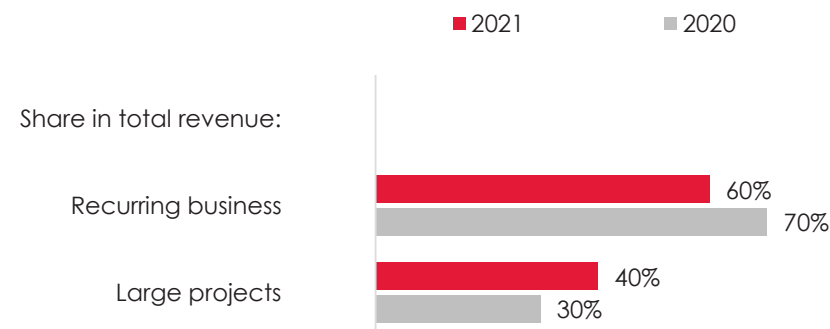
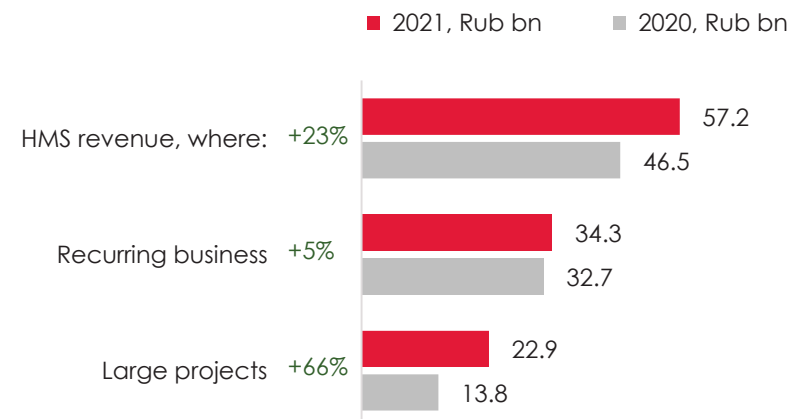
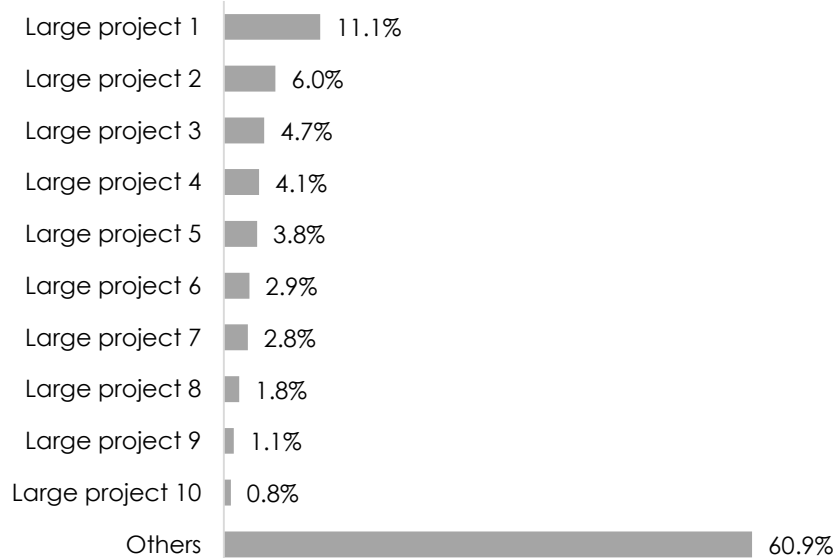


OGE Rub 7.5 bn contract generated 11.1% of FY 2021 HMS revenue

Large contracts were the main contributor to HMS growth in revenue

Top-10 projects generated 39% revenue in FY 2021

Top-10 projects by revenue generated in FY 2021



Consolidated statements FY 2021

Consolidated Statement of Financial Position at 31 Dec 2021



(in thousands of Russian Roubles, unless otherwise stated) 31 December 2021 31 December 2020

ASSETS		
Non-current assets:		
Property, plant and equipment	14,045,362	14,684,279
Other intangible assets	1,429,904	1,743,399
Goodwill	3,159,502	3,255,984
Right-of-use assets	414,861	183,211
Investments in associates	95,358	94,307
Deferred income tax assets	827,200	786,455
Other long-term assets	21,606	42,252
Investment property	140,598	176,833
Total non-current assets	20,134,391	20,966,720

Current assets:		
Inventories	9,067,145	8,847,749
Trade and other receivables and other financial assets	17,050,792	15,598,766
Contract assets	9,718,947	6,201,354
Current income tax receivable	72,588	94,972
Cash and cash equivalents	8,771,642	10,360,588
Total current assets	44,681,114	41,103,429
TOTAL ASSETS	64,815,505	62,070,149

EQUITY AND LIABILITIES

EQUITY		
Share capital	48,329	48,329
Share premium	3,523,535	3,523,535
Treasury shares	(93,775)	(33,055)
Other reserves	129,392	129,392
Currency translation reserve	566,766	646,427
Retained earnings	5,856,944	5,510,974
	10,031,191	9,825,602
Equity attributable to the shareholders of the Company		
Non-controlling interests	3,699,312	3,518,674
TOTAL EQUITY	13,730,503	13,344,276

LIABILITIES

Non-current liabilities:		
Long-term borrowings	21,649,561	20,452,736
Deferred income tax liability	1,445,176	1,421,489
Retirement benefit obligations	612,140	646,213
Provisions for liabilities and charges	316,506	228,199
Lease liabilities	346,376	153,048
Other long-term payables	228,282	230,581
Total non-current liabilities	24,598,041	23,132,266

Current liabilities:		
Trade and other payables	21,729,699	17,969,950
Contract liabilities	2,323,511	4,304,845
Short-term borrowings	611,966	1,548,574
Provisions for liabilities and charges	599,184	589,762
Retirement benefit obligations	73,582	77,859
Lease liabilities	59,928	20,440
Current income tax payable	240,953	134,080
Other taxes payable	848,138	948,097
Total current liabilities	26,486,961	25,593,607
TOTAL LIABILITIES	51,085,002	48,725,873
TOTAL EQUITY AND LIABILITIES	64,815,505	62,070,149

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 Dec 2021

(in thousands of Russian Roubles, unless otherwise stated)

	2021	2020
Revenue	57,159,315	46,476,487
Cost of sales	(45,736,646)	(37,071,430)
Gross profit	11,422,669	9,405,057
Distribution and transportation expenses	(1,798,784)	(1,985,928)
General and administrative expenses	(5,704,013)	(5,242,566)
Other operating expenses, net	(110,916)	(412,472)
Impairment of goodwill	-	(425,668)
Operating profit	3,808,956	1,338,423
Finance income	181,591	251,571
Finance costs	(1,976,275)	(1,926,310)
Share of results of associates	(470)	(161)
Profit/(loss) before income tax	2,013,802	(336,477)
Income tax expense	(772,783)	(479,814)
Profit/(loss) for the year	1,241,019	(816,291)
Profit/(loss) attributable to:		
Shareholders of the Company	1,032,202	(971,996)
Non-controlling interests	208,817	155,705
Profit/(loss) for the year	1,241,019	(816,291)
Other comprehensive (loss)/income:		
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Remeasurement of post-employment benefit obligations	49,232	(5,321)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(71,684)	693,105
Currency translation differences of associates	1,521	(21)
Other comprehensive (loss)/income for the year	(20,931)	687,763
Total comprehensive income/(loss) for the year	1,220,088	(128,528)
Total comprehensive income/(loss) attributable to:		
Shareholders of the Company	981,741	(288,238)
Non-controlling interests	238,347	159,710
Total comprehensive income/(loss) for the year	1,220,088	(128,528)
Basic and diluted profit/(loss) per ordinary share for profit/(loss) attributable to the ordinary shareholders (RR per share)	8.90	(8.50)

Consolidated Statement of Cash Flows for the year ended 31 Dec 2021



<i>(in thousands of Russian Roubles, unless otherwise stated)</i>	2021	2020
Cash flows from operating activities		
Profit/(loss) before income tax	2,013,802	(336,477)
Adjustments for:		
Depreciation and amortisation	2,424,217	2,451,191
Gain from disposal of property, plant and equipment and intangible assets	(84,044)	(1,821)
Finance income	(181,591)	(251,571)
Finance costs	1,976,275	1,926,310
Change in retirement benefits obligations	36,821	82,075
Change in warranty provision	112,329	136,752
Change in expected credit losses allowances for financial assets and allowance for impairment of non-financial assets	50,299	104,002
Change in allowance for obsolete inventories	146,044	10,598
Change in provision for legal claims	58,846	83,987
Share-based compensation	25,000	58,921
Foreign exchange (gain)/loss, net	(76,165)	73,534
Amortisation of government grants	(37,528)	(36,048)
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	15,667	9,898
Share of results of associates	470	161
Operating cash flows before working capital changes	6,480,442	4,761,534
Increase in inventories	(325,574)	(869,830)
(Increase)/decrease in trade and other receivables	(1,281,589)	2,967,741
(Increase)/decrease in contract assets	(3,506,361)	1,916,049
Increase/(decrease) in accounts payable and accrued liabilities	3,397,639	(3,361,448)
(Decrease)/increase in contract liabilities	(1,947,373)	2,056,816
Decrease in taxes payable	(101,761)	(683,045)
Cash from operations	2,715,423	6,787,817
Income tax paid	(644,282)	(820,008)
Interest paid	(1,952,685)	(1,887,821)
Interest received	178,458	259,533
Net cash from operating activities	296,914	4,339,521
Cash flows from investing activities		
Repayment of loans advanced	5,172	6,953
Loans advanced	(39,879)	(20,203)
Proceeds from sale of property, plant and equipment and intangible assets, net	140,659	55,948
Purchase of property, plant and equipment, net of VAT	(1,075,212)	(937,132)
Acquisition of intangible assets, net of VAT	(309,217)	(454,417)
Repayment of contingent consideration liability	-	(33,000)
Net cash used in investing activities	(1,278,477)	(1,381,851)
Cash flows from financing activities		
Repayments of borrowings	(13,534,754)	(11,478,749)
Proceeds from borrowings	13,820,510	9,127,605
Proceeds from government grant	-	28,092
Repayment of the lease liabilities principal	(24,852)	(35,905)
Buy back of issued shares	(60,720)	(1,705)
Dividends related to Long-term Incentive Program	-	(5,660)
Dividends paid to non-controlling shareholders of subsidiaries	(56,909)	(55,162)
Dividends paid to the shareholders of the Company	(740,432)	(391,942)
Net cash used in financing activities	(597,157)	(2,813,426)
Net (decrease)/increase in cash and cash equivalents	(1,578,720)	144,244
Effect of exchange rate changes on cash and cash equivalents and effect of translation to presentation currency	(10,226)	296,076
Effect of changes in expected credit losses allowance for cash and cash equivalents	-	(31,850)
Cash and cash equivalents at the beginning of the year	10,360,588	9,952,118
Cash and cash equivalents at the end of the year	8,771,642	10,360,588



HMS Hydraulic Machines & Systems Group Plc

Company's GDRs is listed on:

- London Stock Exchange (Main market, IOB)
- Moscow Exchange (1st level)

Number of shares outstanding: 117,163,427

Number of issued GDRs: 6,676,593

ISIN RegS: US40425X4079

 144A: US40425X3089

Ratio 1 GDR : 5 Shares

Ticker HMSG

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grouphms.com/shareholders_and_investors/



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Notes to the presentation and formulas used for some figures' calculations

- All figures in millions of Russian Rubles, unless otherwise stated
- Management of the Group assesses the performance of operating segments based on a measure of adjusted EBITDA, which is derived from the consolidated financial statements prepared in accordance with IFRS
- **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.
- **EBIT** is calculated as **Gross profit** minus **Distribution & transportation expenses** minus **General & administrative expenses** minus **Other operating expenses**
- **Total debt** is calculated as **Long-term borrowings** plus **Long-term lease liabilities (non-current)** plus **Short-term borrowings** plus **Short-term lease liabilities (current)**
- **Net debt** is calculated as **Total debt** minus **Cash & cash equivalents** at the end of the period
- **ROCE** is calculated as **EBIT LTM** divided by **Average Capital Employed (Total debt + Total equity)**
- **ROE** is calculated as **Total equity period average** divided by **Profit for the period**
- **Operating profit adj. & Profit for the year adj.** are deferred as adjusted by impairment of PPE, investment property and goodwill
- **Capex** = Organic capex = Purchase of PPE + Purchase of intangible assets
- **Backlog** is calculated as the preceding backlog plus new or additional customer orders booked during the reporting period, less amounts of contract value booked as revenue under "Russian GAAP" on an unconsolidated basis under the relevant contracts, plus or minus adjustments made in the judgment of the Group's management. The Group may also make certain adjustments to bookings to reflect amendment, expiry or termination of contracts, cancellation of orders, changes in price terms under contracts or orders, or other factors affecting the amount of potential revenue which the Group believes may be recognized under such contracts. The Group's backlog estimates are not an indication of potential revenues. Actual revenues and other measures of financial performance under IFRS may differ materially from any estimate of backlog, and changes in backlog between periods may have limited or no correlation to changes in revenue or any other measure of financial performance under IFRS