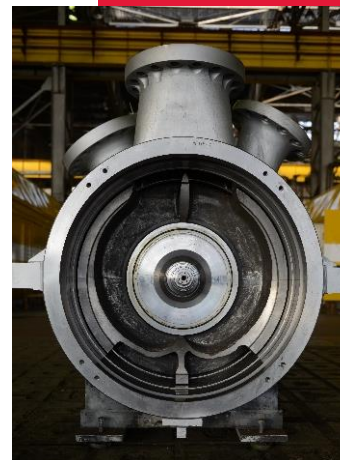




Capital Markets

3 months 2021 IFRS results

Investor presentation



June 10, 2021

Financial results 3 months 2021



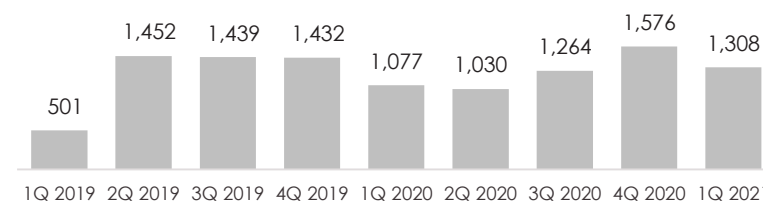
HMS revenue and EBITDA were up in 3m 2021 vs pre-COVID-crisis 3m 2020



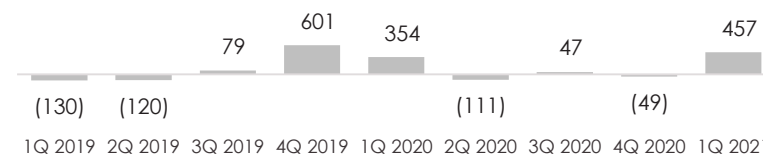
Both Revenue and EBITDA grew due to recovery in OGE and HMS Neftemash, in particular

<i>in millions of Rub</i>	3m 2021	3m 2020	Chg. yoy	1Q 2021	4Q 2020	Chg. qoq
Revenue	11,191	9,115	23%	11,191	15,000	-25%
EBITDA	1,308	1,077	21%	1,308	1,576	-17%
Gross profit	2,087	1,988	5%	2,087	3,094	-33%
Operating profit	566	265	114%	566	123	360%
Profit/(Loss) for the period	52	(153)	na	52	(593)	na
EBITDA margin	11.7%	11.8%	-12 bps	11.7%	10.5%	118 bps
Gross margin	18.6%	21.8%	-316 bps	18.6%	20.6%	-198 bps
Operating margin	5.1%	2.9%	215 bps	5.1%	0.8%	424 bps
Profit/(Loss) for the period margin	0.5%	-1.7%	214 bps	0.5%	-4.0%	442 bps
Total debt	22,209	21,501	3%	22,209	22,175	0%
Net debt	13,053	12,228	7%	13,053	11,814	10%
EBITDA LTM	5,179	5,400	-4%	5,179	4,947	5%
Net debt to EBITDA LTM	2.52	2.26		2.52	2.39	

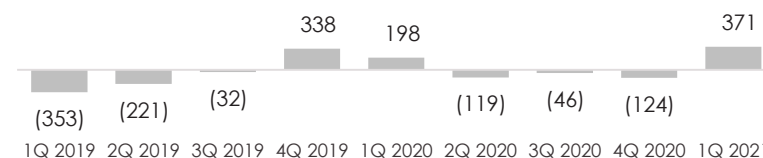
HMS EBITDA for the period
1Q 2019 - 1Q 2021, Rub mn



EBITDA of OGE* for the period
1Q 2019 - 1Q 2021, Rub mn



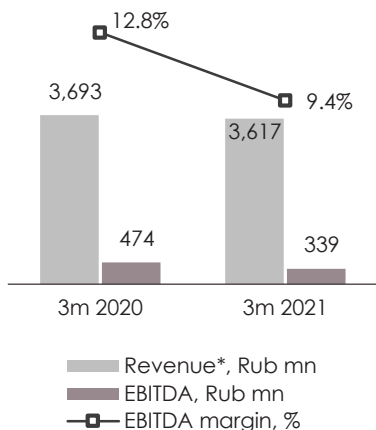
EBITDA of HMS Neftemash for the period
1Q 2019 - 1Q 2021, Rub mn



Segments overview



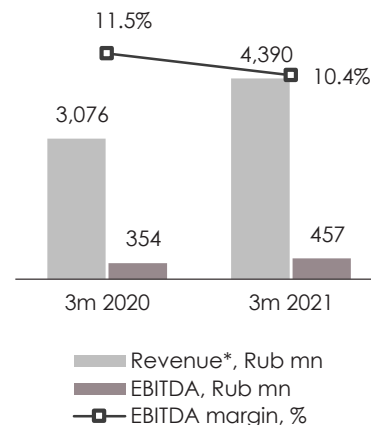
Pumps



Revenue -2% yoy
EBITDA -29% yoy

- Revenue down 2% to Rub 3.6 bn
- EBITDA was down 29% to Rub 339 mn. Shipments of a number of large contracts were postponed to 2Q-3Q 2021, and that led to lower EBITDA margins
- EBITDA margin down to 9.4%, due to lower recurring margins and less EBITDA generated by large contracts

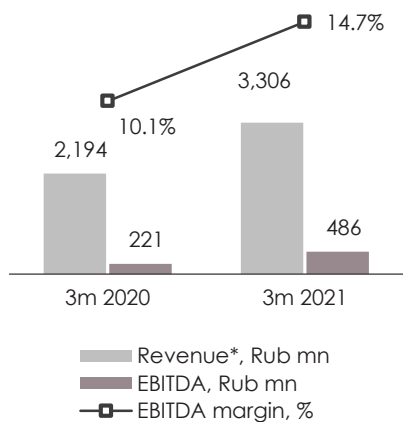
Oil & gas equipment and projects



Revenue +43% yoy
EBITDA +29% yoy

- Revenue and EBITDA were up due to the recovery in the business segment and HMS Neffemash, in particular

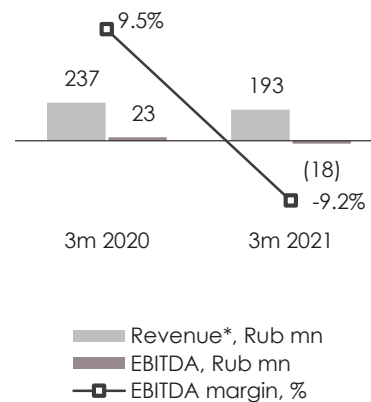
Compressors



Revenue +51% yoy
EBITDA +120% yoy

- Revenue was up to Rub 3.3 bn due to large contracts
- EBITDA was up to Rub 486 mn, fully due to execution of large contracts
- EBITDA margin grew to 14.7%

Construction (TGS)



Revenue -19% yoy
EBITDA na

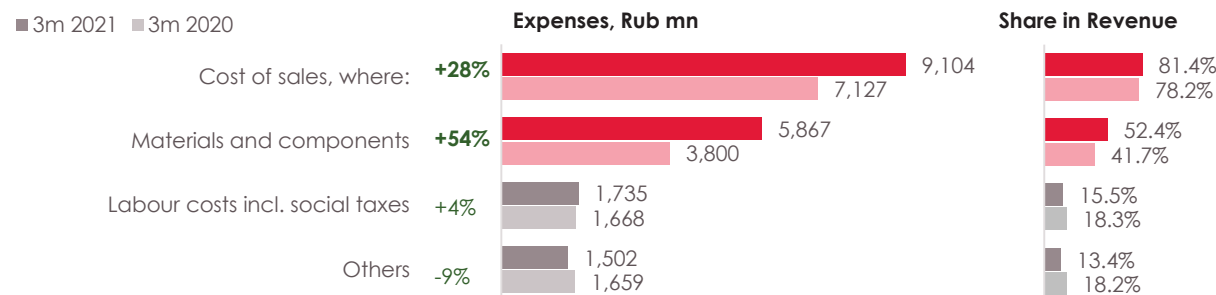
- Expected reduction in revenue and EBITDA

HMS costs & expenses structure



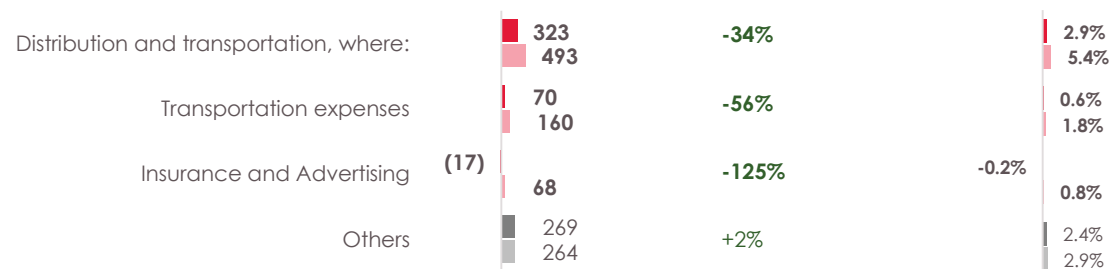
Cost of sales* was up 28% yoy

- Cost of sales increased 28% yoy mainly due to a considerably higher expenses on Materials and components (+54% yoy), and an increase in labour costs(+4% yoy)
- Materials and components outpaced the growth in Cost of sales because of a higher share of material-intensive large contracts



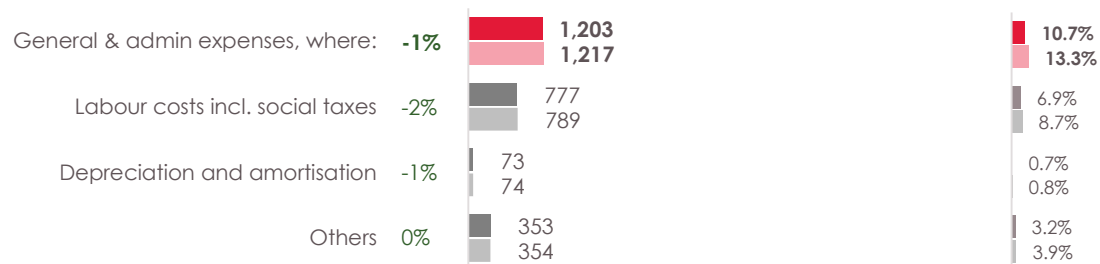
Distribution and transportation expenses down 34% yoy due to transport, insurance and advertising

- As a share of revenue, distribution and transportation expenses stood at 2.9% vs. 5.4% during the comparable period



General & administrative expenses were down 1% yoy

- As a share of revenue, general & administrative expenses was down to 10.7%, compared with 13.3% for 3m 2020



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

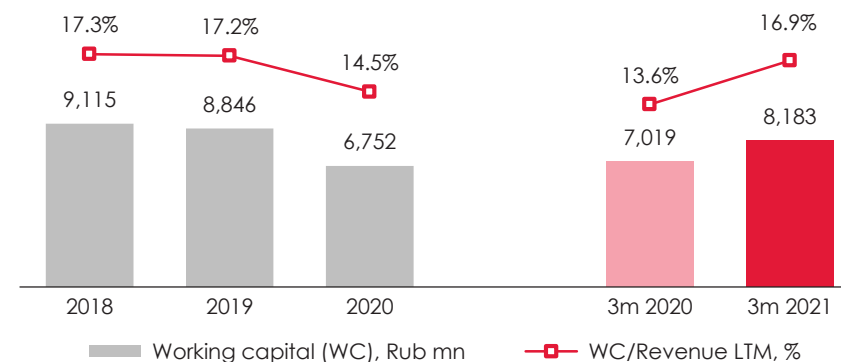
Cash flow analysis



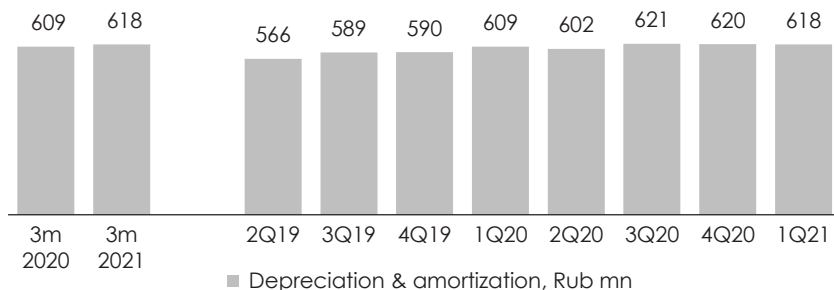
Free Cash Outflow grew due to working capital requirements

Cash flows performance, Rub mn	3m 2021	3m 2020
Operating cash flow	(774)	2,435 ↓
Investing cash flow, where:	(419)	(344) ↓
Maintenance capex	(440)	(334)
Acquisitions (M&A)	-	-
Free cash flow*	(1,193)	2,091 ↓
Dividends	-	-

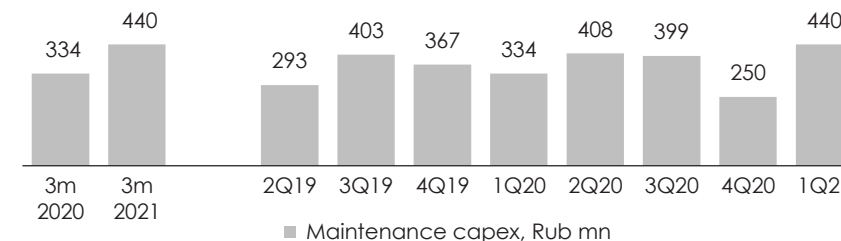
Working capital grew 17% yoy



Depreciation & amortization grew 1% yoy



Capex was up 32% yoy to Rub 440 mn



Source: Company data, IFRS

(*) Free cash flow before dividends

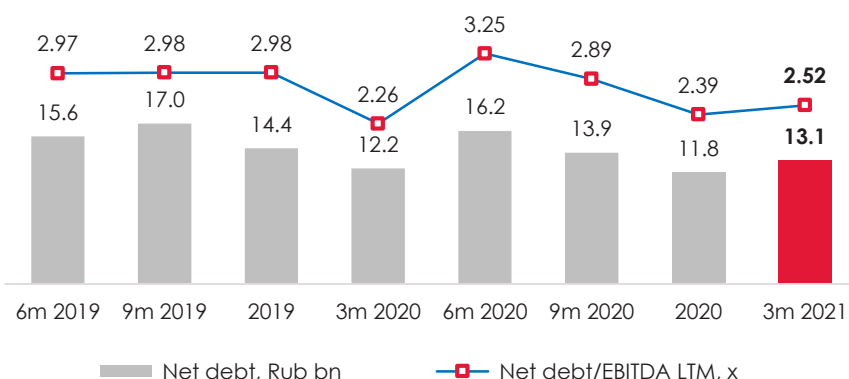
Note: Differences in calculations can occur due to the rounding-off rule

Net debt/EBITDA LTM of HMS Group at 2.52x

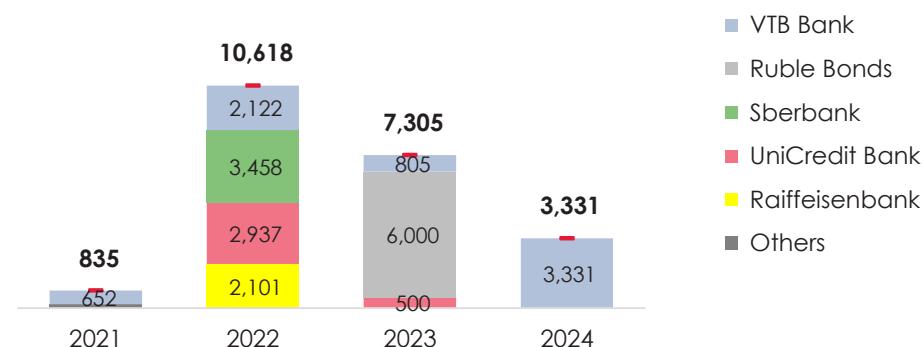


3m 2021 Net debt/EBITDA 2.52x

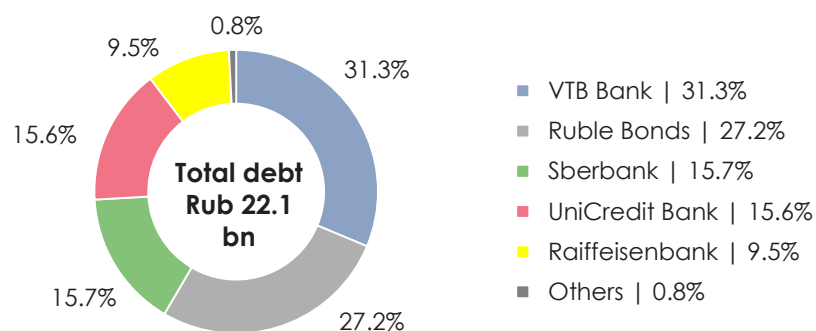
HMS Net debt fluctuates in the range Rub 12 -17 bn



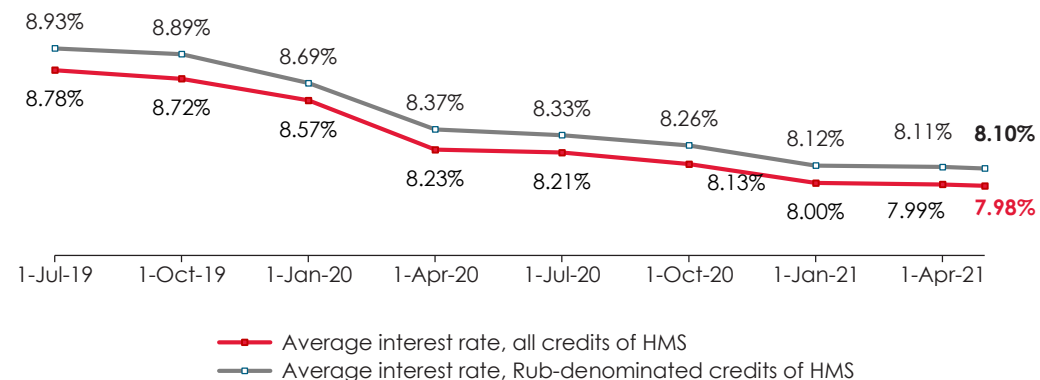
Debt repayment schedule on 01.05.2021, Rub mn



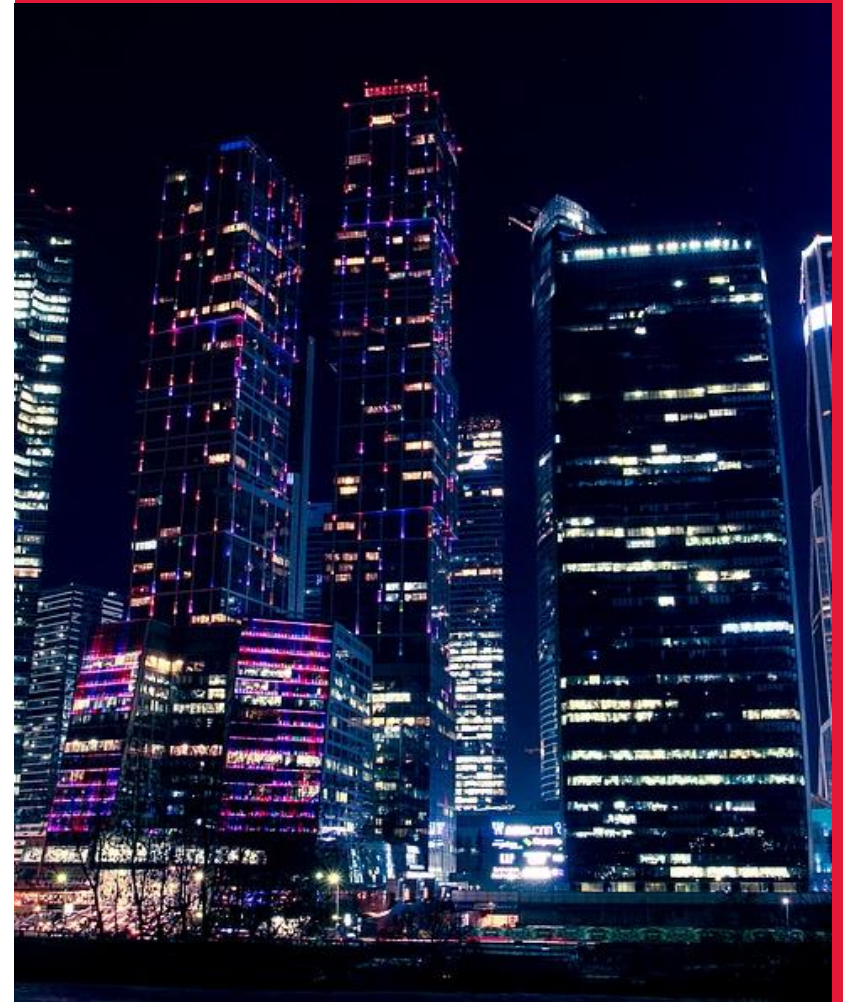
Structure of HMS creditors on 01.05.2021



Average interest rate at 7.98% pa on 01.05.2021



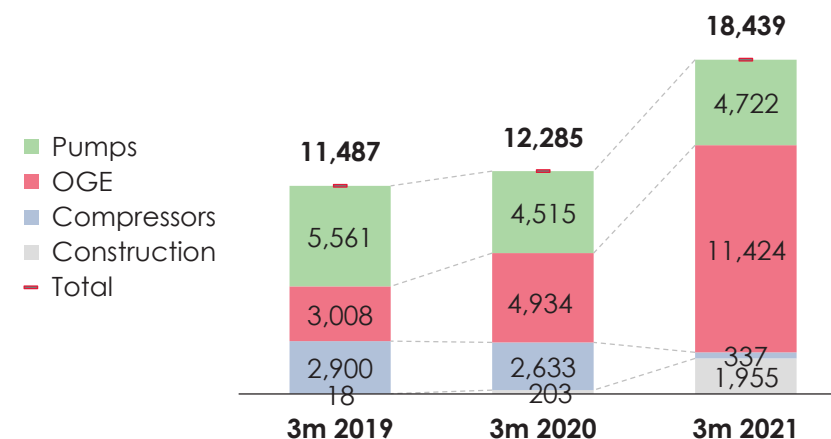
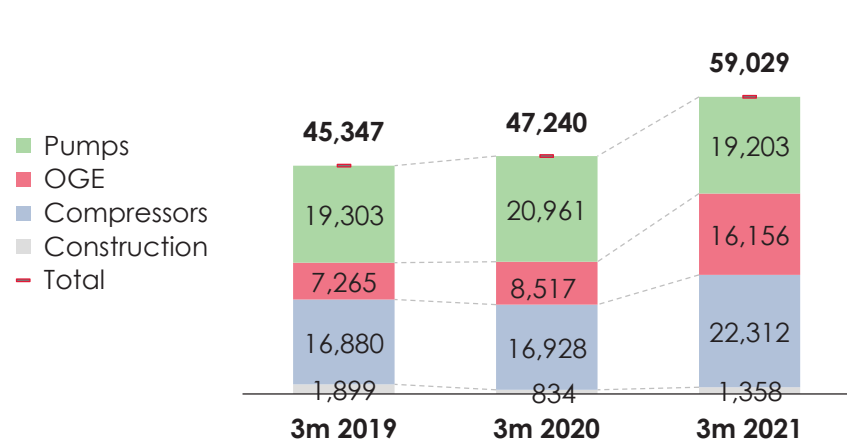
Business & Outlook



Backlog allows to forecast growth of revenue in 2021-2022

— Backlog (Portfolio of orders under execution) grew to Rub 59.0 bn (+25%)

— Growth at 50% of Order intake¹, which forms revenue of 2021-2022



- In 1Q 2021, HMS signed Rub 7.5 bn large contract (VAT excl.), which will have significant impact on HMS Neftemash financial results in 2021. Also, Apollo signed Eur 8 mn (c. Rub 700 mn) contract to manufacture process pumps for a foreign engineering company with a Russian client as the end-user
- In 2Q and 3Q 2021, HMS will participate in several large tenders

Source: Company data, management accounts

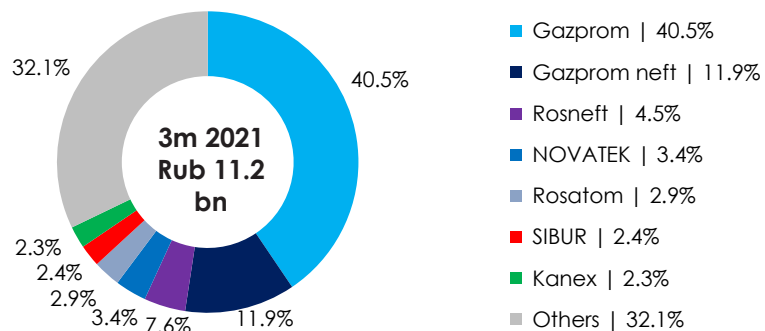
Note: Backlog and order intake portfolios are the Obskiy LNG contract adjusted for past periods

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

Revenue structure by clients and contracts type

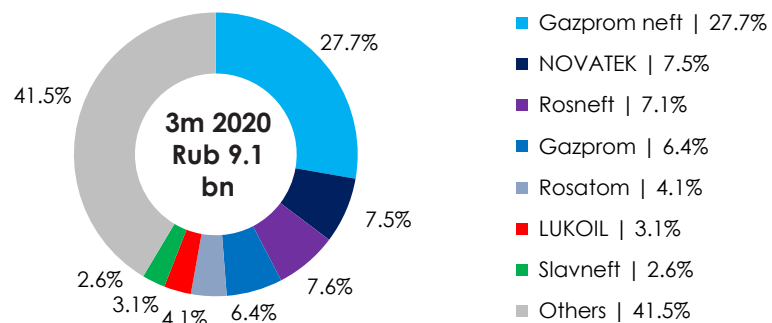
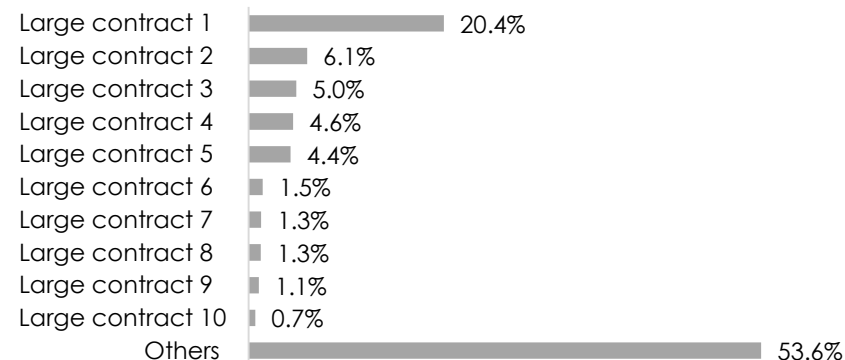


Top-7 clients of HMS Group

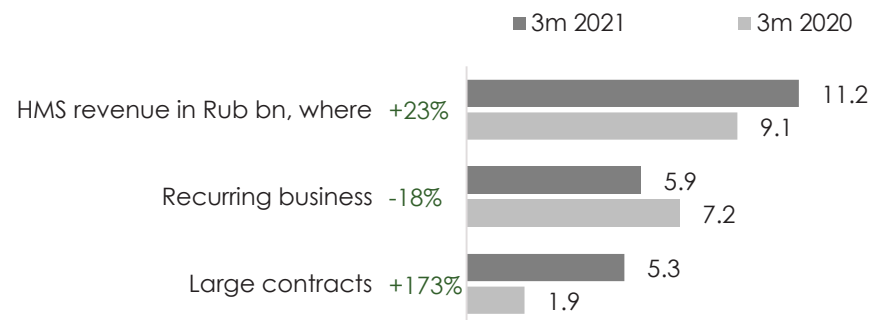


OGE Rub 7.5 bn contract generated 20% of HMS revenue during 3m 2021 and positively influenced the segment's results

10 largest projects generated 46% of 3m 2021 revenue



Large contracts were the contributor to HMS growth in revenue



Consolidated statements 3 months 2021 (unaudited)

Consolidated Statement of Financial Position at 31 March 2021 (unaudited)



in thousands of Russian Roubles, unless otherwise stated

	31 March 2021	31 December 2020
ASSETS		
Non-current assets:		
Property, plant and equipment	14,669,855	14,684,279
Other intangible assets	1,686,765	1,743,399
Goodwill	3,229,718	3,255,984
Right-of-use assets	180,671	183,211
Investments in associates	96,327	94,307
Deferred income tax assets	785,583	786,455
Other long-term assets	32,104	42,252
Investment property	174,421	176,833
Total non-current assets	20,855,444	20,966,720
Current assets:		
Inventories	9,807,812	8,847,749
Trade and other receivables and other financial assets	15,544,287	15,598,766
Contract assets	6,744,322	6,201,354
Current income tax receivable	169,566	94,972
Cash and cash equivalents	9,156,029	10,360,588
Total current assets	41,422,016	41,103,429
TOTAL ASSETS	62,277,460	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	710,901	646,427
Retained earnings	5,553,565	5,510,974
Equity attributable to the shareholders of the Company	9,871,947	9,825,602
Non-controlling interests	3,536,933	3,518,674
TOTAL EQUITY	13,408,880	13,344,276
LIABILITIES		
Non-current liabilities:		
Long-term borrowings	18,398,671	20,452,736
Deferred income tax liability	1,415,292	1,421,489
Retirement benefit obligations	663,438	646,213
Provisions for liabilities and charges	200,894	228,199
Lease liabilities	150,902	153,048
Other long-term payables	278,683	230,581
Total non-current liabilities	21,107,880	23,132,266
Current liabilities:		
Trade and other payables	18,642,755	17,969,950
Contract liabilities	3,636,178	4,304,845
Short-term borrowings	3,638,794	1,548,574
Provisions for liabilities and charges	555,459	589,762
Retirement benefit obligations	79,265	77,859
Lease liabilities	20,683	20,440
Current income tax payable	94,250	134,080
Other taxes payable	1,093,316	948,097
Total current liabilities	27,760,700	25,593,607
TOTAL LIABILITIES	48,868,580	48,725,873
TOTAL EQUITY AND LIABILITIES	62,277,460	62,070,149

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the three months ended 31 March 2021 (unaudited)

in thousands of Russian Roubles, unless otherwise stated

	Three months ended	Three months ended
	31 March 2021	31 March 2020
Revenue	11,190,623	9,115,230
Cost of sales	(9,103,584)	(7,127,211)
Gross profit	2,087,039	1,988,019
Distribution and transportation expenses	(322,858)	(492,562)
General and administrative expenses	(1,202,761)	(1,216,646)
Other operating income/(expenses), net	4,705	(13,732)
Operating profit	566,125	265,079
Finance income	46,385	93,068
Finance costs	(459,418)	(481,025)
Share of results of associates	90	165
Profit/(loss) before income tax	153,182	(122,713)
Income tax expense	(101,069)	(30,078)
Profit/(loss) for the period	52,113	(152,791)
Profit/(loss) attributable to:		
Shareholders of the Company	42,591	(142,408)
Non-controlling interests	9,522	(10,383)
Profit/(loss) for the period	52,113	(152,791)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	72,126	688,595
Currency translation differences of associates	1,930	2,768
Other comprehensive income for the period	74,056	691,363
Total comprehensive income for the period	126,169	538,572
Total comprehensive income attributable to:		
Shareholders of the Company	107,065	545,695
Non-controlling interests	19,104	(7,123)
Total comprehensive income for the period	126,169	538,572
Basic and diluted earnings/(loss) per ordinary share for profit/(loss) attributable to the ordinary shareholders (RR per share)	0.37	(1.26)

Consolidated Statement of Cash Flows for 3m 2021 (unaudited)

in thousands of Russian Roubles, unless otherwise stated



	31 March 2021	31 March 2020
Cash flows from operating activities		
Profit/(loss) before income tax	153,182	(122,713)
Adjustments for:		
Depreciation and amortisation	617,872	609,317
(Gain)/loss from disposal of property, plant and equipment and intangible assets	(12,261)	14,381
Finance income	(46,385)	(93,068)
Finance costs	459,418	481,025
Change in retirement benefits obligations	15,971	20,440
Change in warranty provision	(18,113)	43,233
Change in expected credit losses allowance for trade and other receivables and other financial assets and allowance for impairment of non-financial assets	(343)	17,896
Change in allowance for obsolete inventories	16,654	(3,201)
Change in provision for legal claims	(10,387)	19,221
Share-based compensation	-	14,731
Foreign exchange gain, net	(47,451)	(86,381)
Amortisation of government grants	(7,781)	(7,744)
Share of results of associates	(90)	(165)
Operating cash flows before working capital changes	1,120,286	906,972
Increase in inventories	(925,567)	(431,026)
Decrease in trade and other receivables	208,465	1,668,684
(Increase)/decrease in contract assets	(521,453)	366,310
(Increase)/decrease in income tax receivable	(74,552)	143,024
Increase/(decrease) in accounts payable and accrued liabilities	498,011	(2,184,550)
(Decrease)/increase in contract liabilities	(668,667)	2,874,360
Increase/(decrease) in other taxes payable	214,070	(226,866)
Cash (used in)/from operations	(149,407)	3,116,908
Income tax paid	(208,800)	(248,466)
Interest paid	(460,365)	(536,937)
Interest received	44,479	103,289
Net cash (used in)/from operating activities	(774,093)	2,434,794
Cash flows from investing activities		
Repayment of loans advanced	641	2,320
Loans advanced	(503)	(17,205)
Proceeds from sale of property, plant and equipment, net of VAT	21,020	5,356
Purchase of property, plant and equipment, net of VAT	(393,370)	(244,585)
Acquisition of intangible assets, net of VAT	(47,105)	(89,701)
Net cash used in investing activities	(419,317)	(343,815)
Cash flows from financing activities		
Repayments of borrowings	(491,930)	(3,596,731)
Proceeds from borrowings	541,929	690,792
Repayment of the lease liabilities principal	(4,654)	(9,220)
Buy back of issued shares	(60,720)	-
Dividends paid to non-controlling shareholders of subsidiaries	(363)	(92)
Net cash used in financing activities	(15,738)	(2,915,251)
Net decrease in cash and cash equivalents	(1,209,148)	(824,272)
Effect of exchange rate changes on cash and cash equivalents and effect of translation to presentation currency	4,589	145,232
Cash and cash equivalents at the beginning of the period	10,360,588	9,952,118
Cash and cash equivalents at the end of the period	9,156,029	9,273,078



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

Capital markets

7 Chayanova str., Moscow 125047, Russia

Phone: +7 (495) 730-66-01

Email: ir@hms.ru

grouphms.com/shareholders_and_investors/



Disclaimer



The information contained herein has been prepared using information available to HMS Group (“HMS” or “Group” or “Company”) at the time of preparation of the presentation. External or other factors may have impacted on the business of HMS Group and the content of this presentation, since its preparation. In addition all relevant information about HMS Group may not be included in this presentation. No representation or warranty, expressed or implied, is made as to the accuracy, completeness or reliability of the information.

Any forward looking information herein has been prepared on the basis of a number of assumptions which may prove to be incorrect. Forward looking statements, by the nature, involve risk and uncertainty and HMS Group cautions that actual results may differ materially from those expressed or implied in such statements. Reference should be made to the most recent Annual Report for a description of the major risk factors. This presentation should not be relied upon as a recommendation or forecast by HMS Group, which does not undertake an obligation to release any revision to these statements.

This presentation does not constitute or form part of any advertisement of securities, any offer or invitation to sell or issue or any solicitation of any offer to purchase or subscribe for, any shares in HMS Group, nor shall it or any part of it nor the fact of its presentation or distribution form the basis of, or be relied on in connection with, any contract or investment decision.

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