

HMS Group Reports 2018 FY Net Income of Rub 1.9 Billion

Moscow, Russia – April 25, 2019 – HMS Group Plc (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 twelve months ended December 31, 2018.

Financial highlights FY 2018:

- Revenue: Rub 52.6 bn (+18% yoy)
- EBITDA¹: Rub 6.6 bn (-3% yoy), EBITDA margin 12.6%
- Operating profit: Rub 4.2 bn (-8% yoy), operating margin down to 8.0%
- Net income (profit for the year): Rub 1.9 bn (-6% yoy), net income margin 3.7%

- Total debt: Rub 19.4 bn (+21% yoy)
- Net debt: Rub 13.1 bn (+14% yoy)
- Net debt-to-EBITDA LTM ratio: 1.97x

Operational highlights FY 2018:

- Backlog: Rub 42.6 bn (+9% yoy)
- Order intake: Rub 55.9 bn (-6% yoy)

Artem Molchanov, CEO of HMS Group, commented:

“We again delivered what we promised. We managed to increase revenue by 18 percent to Rub 52.6 billion, and prevent Net income to decline significantly, keeping it at the level of Rub 1.9 billion.”

¹ EBITDA is defined as operating profit/loss from continuing operations 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 the acquisition, defined benefits scheme expense and provisions (including provision for obsolete inventory, provision for impairment of accounts receivable, 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.

GROUP PERFORMANCE

RESULTS

<i>in millions of Rub</i>	2018 FY	2017 FY	Change yoy	2018 4Q	2017 4Q	Change yoy
Orders	55,891	59,679	-6%	25,176	14,516	73%
Backlog	42,634	39,067	9%			
Revenue	52,619	44,422	18%	20,757	13,011	60%
EBITDA	6,621	6,839	-3%	2,302	1,852	24%
<i>EBITDA margin</i>	<i>12.6%</i>	<i>15.4%</i>		<i>11.1%</i>	<i>14.2%</i>	
Profit for the year	1,946	2,070	-6%	772	419	85%
Free cash flow	(139)	3,098	-105%	1,854	1,389	33%
ROCE	13.6%	15.9%				

Order intake was lower in all business segments except Compressors compared to 2017. The decline was attributable to less amount of large contracts signed in the reporting period.

Backlog for HMS Group grew to Rub 42.6 billion by 9% vs. Rub 39.1 billion last year. Pumps and, for the most part, Compressors made contribution to this growth. Unlike 2017, the growth was based on the recurring business, as backlog of large integrated contracts was 4% yoy lower.

Revenue for the full year was Rub 52.6 billion, compared with Rub 44.4 billion in 2017. Almost all segments contributed to this growth except Oil and gas equipment and projects (OGEP) business segment (-2% yoy). EBITDA was down by 3% yoy to Rub 6.6 billion because of a decline in Pumps.

Revenue from recurring business was down by 2% yoy. Large projects' revenue jumped 75% yoy. EBITDA from recurring business declined 45% yoy and large contracts advanced 41% yoy.

Higher revenue and lower EBITDA led to EBITDA margin decrease to 12.6% from 15.4% last year.

For the 4th quarter, revenue was Rub 20.8 billion, compared with Rub 13.0 billion in 2017. EBITDA was up to Rub 2.3 billion from Rub 1.9 billion last year.

Depreciation and amortization for the full year was Rub 1.8 billion, up 19% yoy, compared with Rub 1.5 billion in 2017.

Profit for the year (net income) was Rub 1.9 billion, down 6% yoy, compared with Rub 2.1 billion last year. For the 4th quarter, net income was Rub 772 million compared with Rub 419 million in 2017.

In 2018, decrease in free cash flow to Rub 139 million from Rub 3.1 billion in 2017 was due mainly to negative change in working capital.

ROCE decreased because of lower operating profit and higher average capital employed.

EXPENSES AND OPERATING PROFIT

<i>in millions of Rub</i>	2018 FY	2017 FY	Change yoy	Share of 2018 FY revenue	Share of 2017 FY revenue
Cost of sales	40,617	32,536	25%	77.2%	73.2%
Materials and components	27,628	22,036	25%	52.5%	49.6%
Labour costs incl. Social taxes	7,276	6,528	11%	13.8%	14.7%
Construction and design and engineering services of subcontractors	2,102	1,365	54%	4.0%	3.1%
Depreciation and amortization	1,567	1,307	20%	3.0%	2.9%
Others	2,045	1,299	57%	3.9%	2.9%

Cost of sales was Rub 40.6 billion, up 25% yoy, compared with Rub 32.5 billion in 2017. This was almost fully attributable to materials and components (+25% yoy) and labour costs incl. social taxes (+11% yoy). Despite the outpacing growth of cost of sales, gross profit was up 1% yoy to Rub 12.0 billion, compared with Rub 11.9 billion in 2017.

<i>in millions of Rub</i>	2018 FY	2017 FY	Change yoy	Share of 2018 FY revenue	Share of 2017 FY revenue
Distribution and transportation	1,916	1,785	7%	3.6%	4.0%
General and administrative	5,636	4,999	13%	10.7%	11.3%
<i>SG&A expenses</i>	<i>7,551</i>	<i>6,784</i>	<i>11%</i>	<i>14.4%</i>	<i>15.3%</i>
Other operating expenses	250	547	-54%	0.5%	1.2%
<i>Operating expenses ex. Cost of sales</i>	<i>7,802</i>	<i>7,331</i>	<i>6%</i>	<i>14.8%</i>	<i>16.5%</i>
Operating profit	4,200	4,555	-8%	8.0%	10.3%
Finance costs	1,611	1,775	-9%	3.1%	4.0%

Distribution and transportation expenses was Rub 1.9 billion, up 7% yoy, compared with Rub 1.8 billion in 2017. Growth of labor costs incl. social taxes (+14% yoy) was the main drivers. As a share of revenue, distribution and transportation expenses was down to 3.6%, compared with 4.0% last year.

General and administrative expenses was Rub 5.6 billion, up 13% yoy, compared with Rub 5.0 billion last year, due to 11% yoy higher labour costs incl. social taxes. As a share of revenue, general and administrative expenses was down to 10.7% from 11.3% in 2017.

For the full year, SG&A expenses² was Rub 7.6 billion, that was 11% yoy higher than last year. In contrast, as a share of revenue they decreased to 14.4% from 15.3%.

Operating profit was Rub 4.2 billion, down 8% yoy, compared with Rub 4.6 billion in 2017. Operating margin decreased to 8.0% from 10.3%.

² SG&A expenses = Selling, General and Administrative Expenses = Distribution and transportation + General and administrative

<i>in millions of Rub</i>	2018 FY	2017 FY	Change yoy
Finance costs	1,611	1,775	(9)%
<i>Interest expenses</i>	1,598	1,725	(7)%
Interest rate, average	8.7%	9.8%	
Interest rate Rub, average	8.9%	9.9%	

Finance costs were Rub 1.6 billion, down by 9% yoy, compared with Rub 1.8 billion in 2017. The main factor was decrease of interest expenses (-7% yoy) due to lower interest rates as a result of debt portfolio refinancing.

Average rates decreased to 8.7% p.a. from 9.8% p.a. within a one-year period.

BUSINESS SEGMENTS PERFORMANCE

Industrial pumpsⁱ

<i>in millions of Rub</i>	2018 FY	2017 FY	Change yoy	2018 4Q	2017 4Q	Change yoy
Orders	19,573	20,983	-7%	6,141	8,762	-30%
Backlog	17,152	14,467	19%			
Revenue	17,811	17,488	2%	6,613	5,141	29%
EBITDA	2,390	3,148	-24%	1,191	1,034	15%
EBITDA margin	13.4%	18.0%		18.0%	20.1%	

Lower order intake of Rub 19.6 billion was due to no large contracts signed in the reporting period, though recurring business grew by 17% yoy.

Backlog grew by 19% yoy to Rub 17.2 billion because of a slower pace of revenue recognition of several contracts signed in 2017, that have execution period more than one year.

Revenue was Rub 17.8 billion, up 2% yoy, compared with Rub 17.5 billion in 2017.

EBITDA declined to Rub 2.4 billion, by 24% yoy, from Rub 3.1 billion, mainly due to increase of wages and a high base effect in 2017, when several untypical modular equipment projects were executed, that had higher than average profitability.

EBITDA margin was down to 13.4% due to higher revenue and lower EBITDA in 2018.

Oil and Gas equipment & projects (OGEP)ⁱⁱ

<i>in millions of Rub</i>	2018 FY	2017 FY	Change yoy	2018 4Q	2017 4Q	Change yoy
Orders	12,023	27,408	-56%	3,203	4,025	-20%
Backlog	6,658	15,092	-56%			
Revenue	20,859	21,536	-3%	4,346	6,499	-33%
EBITDA	2,883	2,592	11%	166	1,132	-85%
EBITDA margin	13.8%	12.0%		3.8%	17.4%	

For the full year, order intake decreased sharply to Rub 12.0 billion from Rub 27.4 billion, because there were no large contracts signed in 2018.

Backlog also went down to Rub 6.7 billion from Rub 15.1 billion, due to less contracts signed than revenue recognized in the reporting period. Both recurring business and large contracts declined.

Revenue was down 3% yoy to Rub 20.9 billion, compared with Rub 21.5 billion in 2017.

EBITDA and EBITDA margin rose on large contracts.

Compressorsⁱⁱⁱ

<i>in millions of Rub</i>	2018 FY	2017 FY	Change yoy	2018 4Q	2017 4Q	Change yoy
Orders	23,883	7,202	232%	15,811	1,268	1147%
Backlog	16,688	5,186	222%			
Revenue	14,678	9,130	61%	9,371	2,481	278%
EBITDA	1,758	1,143	54%	1,320	47	2693%
EBITDA margin	12.0%	12.5%		14.1%	1.9%	

Order intake grew to Rub 23.9 billion, compared with Rub 7.2 billion in 2017, due to a substantially higher volume from large contracts signed in 4Q 2018.

Backlog was lifted by order intake to Rub 16.7 billion, compared with Rub 5.2 billion last year.

Revenue and EBITDA grew to Rub 14.7 billion and Rub 1.8 billion respectively, led by large contracts. EBITDA margin decline to 12.0% due to a mix of more profitable projects executed in 2017.

Construction^{iv}

<i>in millions of Rub</i>	2018 FY	2017 FY	Change yoy	2018 4Q	2017 4Q	Change yoy
Orders	411	4,086	-90%	20	462	-96%
Backlog	2,137	4,323	-51%			
Revenue	1,795	1,045	72%	537	597	-10%
EBITDA	(138)	(75)	83%	23	44	-49%
EBITDA margin	-7.7%	-7.2%		4.2%	7.4%	

For the full year, orders portfolio and backlog declined substantially.

Revenue was Rub 1.8 billion, up 72% yoy, from Rub 1.0 billion in 2017, due to revenue recognition from large integrated contracts under execution. Though 4Q 2018 was profitable in terms of EBITDA, the full year EBITDA was still negative.

WORKING CAPITAL AND CAPITAL EXPENDITURES

<i>in millions of Rub</i>	2018 FY	2017 FY	Change yoy	4Q 2018	3Q 2018	Change qoq
Working capital	9,130	7,820	17%	9,130	11,340	(19)%
Working capital / Revenue LTM	17%	18%		17%	25%	
Capital expenditures	2,335	2,159	8%	893	649	38%

For the full year, working capital was Rub 9.1 billion, up by 17% yoy in line with growth of revenue. As a share of revenue, working capital declined to 17% from 18% in 2017.

Capital expenditures were Rub 2.3 billion, up 8% yoy, compared with Rub 2.2 billion in 2017.

DEBT POSITION

<i>(in millions of Rub)</i>	2018 FY	2017 FY	Change yoy	4Q 2018	3Q 2018	Change qoq
Total debt	19,360	16,042	21%	19,360	19,177	1%
Long-term debt	18,198	13,065	39%	18,198	18,191	0%
Short-term debt	1,162	2,977	(61)%	1,162	986	18%
Net debt	13,065	11,422	14%	13,065	14,828	(12)%
Net debt / EBITDA LTM	1.97x	1.67x		1.97x	2.40x	

Total debt was Rub 19.4 billion, compared with Rub 16.0 billion in 2017. Net debt also increased, to Rub 13.1 billion vs. Rub 11.4 billion at 2017-end.

2018 FY Net debt to EBITDA LTM ratio increased to 1.97x compared with 1.67x in 2017.

For the 4th quarter, total debt increased by minor 1% qoq, compared with Rub 19.2 billion in 3Q 2018. Net debt, in contrast, was down 12% qoq, compared with 14.8 billion in 3Q 2018.

DIVIDENDS

The Board of Directors of HMS Group recommended total dividends for 2018 of Rub 9.81 per ordinary share (Rub 49.05 per GDR), of which Rub 3.84 per share (Rub 19.20 per GDR) have been already distributed as interim dividends in January 2019.

If approved at the Annual General Meeting of Shareholders, final dividends of Rub 5.97 per ordinary share (Rub 29.85 per GDR) will be distributed on the 1st of July, 2019.

SHARE BUY-BACKS

HMS Group repurchased 66,100 global depositary receipts during 4Q 2018. For the full year, the company repurchased 109,100 GDRs.

In 2019, the company repurchased 61,295 GDRs. As of today, HMS has purchased 1,204,282 GDRs or 5.14 percent of its issued share capital. We expect to continue our buy-back program to 6 percent of HMS' issued share capital.

MANAGEMENT PURCHASES

In 2018, HMS managers purchased 19,225 of the company's GDRs using their own funds.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE & FINANCIAL MANAGEMENT

FINANCIAL MANAGEMENT

As of April 1, 2019, average interest rate decreased to 8.8% compared to 9.8% at the beginning of 2018. According to management accounts, total debt decreased by 3% to Rub 18.8 billion, and net debt, in contrast, was up 13% to Rub 14.8 billion due to working capital, required for execution of large projects.

CONTRACTS

In April 2019, the company announced signing of two contract worth Rub 4.0 billion for delivery of gas transportation units, that will be executed by the end of 2019.

RESTRUCTURING OF THE CORE SHAREHOLDERS' SHAREHOLDING

On March 6, 2019 its major shareholder H.M.S. Technologies Limited ("HMST"), registered at Cyprus transferred its entire shareholding in the Company to JSC HMS Holding ("HMS Holding"), registered at Russia, the subsidiary undertaking of HMST, via the following transactions:

- HMST transferred 67,159,421 ordinary shares in the Company (comprising 57.32% of the Company's issued share capital) to HMS Holding in the form of the shareholder's asset contribution for nil consideration;
- HMST transferred 2,924,207 global depositary receipts issued under the Company's depositary receipts program ("GDRs") (representing 14,621,035 shares in the Company and comprising 12.28% of the Company's issued share capital) to HMS Holding in exchange for additionally issued shares in HMS Holding.

As a result of this restructuring:

- HMS Holding became a direct holder of 69,159,421 ordinary shares in the Company and 2,924,207 GDRs comprising in aggregate 71.51% of the Company's issued share capital; and
- HMST remains the sole voting shareholder of HMS Holding retaining control over the majority shareholding in the Company,

and consequently none of the transactions made as a part of the restructuring triggers an obligation of the Company, HMST or HMS Holding to make any mandatory offer to the GDR holders.

This restructuring of the core shareholders' shareholding in the Company does not lead to any change in corporate governance or corporate control of the Company. All applicable regulatory approvals have been obtained in connection with this restructuring.

Further details of the transactions above are available here:

- [GDRs MAR notification by HMST](#)
- [GDRs MAR notification by HMS Holding](#)
- [Ordinary shares MAR notification by HMST](#)
- [Ordinary shares MAR notification by HMS Holding](#)
- [Major holdings notification \(for Cypriot regulatory purposes\) by HMST](#)
- [Major holdings notification \(for Cypriot regulatory purposes\) by HMS Holding](#)
- [TR-1 notification \(for UK regulatory purposes\) by HMST](#)

WEBCAST TO DISCUSS 2018 FY IFRS FINANCIAL RESULTS

Date: Friday, April 26, 2019

Time: 1.00 PM (MOSCOW) / 11.00 AM (London) / 12.00 PM (CET)

Speaker:

Inna Kelekhsaeva – Deputy Head of Capital markets

Q&A session:

Kirill Molchanov – First Deputy General Director and Co-Founder

Alexander Rybin – Head of Capital markets

To participate in the conference call, please dial in:

Russia Local: +7 495 646 9315

UK Local: +44 207 194 3759

UK Toll Free: 0800 376 6183

US Local: +1 646 722 4916

US Toll Free: +1 844 286 0643

Conference ID: 62266395#

Title: HMS Group 2018 FY IFRS results

Webcast meeting:

To access the live event, click on the link:

<https://webcasts.egs.com/hmsgroup20190426>

Please, dial in 5-10 minutes prior to the scheduled start time. Pre-registration is available.

We will share materials on [HMS' investor website](#) ahead of the webcast.

Contacts:

Investor Relations, ir@hms.ru

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 depositary receipts ("GDRs") are listed under the symbol "HMSG" on the London Stock Exchange.

Press Release Information Accuracy Disclaimer

Information published in press releases was accurate at the time of publication but may be superseded by subsequent releases or other information.

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HMS Hydraulic Machines & Systems Group plc
Consolidated Statement of Financial Position at 31 December 2018
(in thousands of Russian Roubles, unless otherwise stated)

	31 December 2018	31 December 2017 Restated*
ASSETS		
Non-current assets:		
Property, plant and equipment	15,492,896	14,563,544
Other intangible assets	1,898,781	663,616
Goodwill	3,092,257	2,937,695
Investments in associates	93,265	84,829
Deferred income tax assets	424,004	377,902
Other long-term assets	26,004	20,541
Investment property	196,480	222,929
Total non-current assets	21,223,687	18,871,056
Current assets:		
Inventories	9,088,680	7,776,096
Trade and other receivables and other financial assets	12,267,843	11,540,164
Contract assets	4,611,700	5,374,888
Current income tax receivable	257,409	178,566
Cash and cash equivalents	6,295,159	4,620,601
Total current assets	32,520,791	29,490,315
TOTAL ASSETS	53,744,478	48,361,371
EQUITY AND LIABILITIES		
EQUITY		
Share capital	48,329	48,329
Share premium	3,523,535	3,523,535
Treasury shares	(461,630)	(404,994)
Other reserves	122,730	122,730
Currency translation reserve	123,918	(652,109)
Retained earnings	7,847,636	7,073,645
Equity attributable to the shareholders of the Company	11,204,518	9,711,136
Non-controlling interests	3,386,155	3,145,950
TOTAL EQUITY	14,590,673	12,857,086
LIABILITIES		
Non-current liabilities:		
Long-term borrowings	18,198,084	13,065,129
Deferred income tax liability	1,622,627	1,617,238
Retirement benefit obligations	468,324	525,436
Provisions for liabilities and charges	168,687	116,835
Other long-term payables	432,915	204,394
Total non-current liabilities	20,890,637	15,529,032
Current liabilities:		
Trade and other payables	13,224,940	11,642,805
Contract liabilities	1,843,380	3,438,395
Short-term borrowings	1,162,133	2,977,261
Provisions for liabilities and charges	709,252	771,877
Retirement benefit obligations	67,497	67,314
Current income tax payable	57,684	72,610
Other taxes payable	1,198,282	1,004,991
Total current liabilities	18,263,168	19,975,253
TOTAL LIABILITIES	39,153,805	35,504,285
TOTAL EQUITY AND LIABILITIES	53,744,478	48,361,371

HMS Hydraulic Machines & Systems Group plc
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2018
(in thousands of Russian Roubles, unless otherwise stated)

	2018	2017
Revenue	52,618,880	44,422,177
Cost of sales	(40,617,376)	(32,535,607)
Gross profit	12,001,504	11,886,570
Distribution and transportation expenses	(1,915,880)	(1,784,967)
General and administrative expenses	(5,635,585)	(4,999,086)
Other operating expenses, net	(250,135)	(547,307)
Operating profit	4,199,904	4,555,210
Finance income	182,188	168,660
Finance costs	(1,610,545)	(1,775,092)
Share of results of associates	(570)	(331)
Profit before income tax	2,770,977	2,948,447
Income tax expense	(825,028)	(878,349)
Profit for the year	1,945,949	2,070,098
Profit attributable to:		
Shareholders of the Company	1,688,473	1,834,264
Non-controlling interests	257,476	235,834
Profit for the year	1,945,949	2,070,098
Other comprehensive income/(loss):		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement of post-employment benefit obligations	101,017	(23,313)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	830,112	(69,526)
Currency translation differences of associates	9,006	(3,564)
Other comprehensive income/(loss) for the year	940,135	(96,403)
Total comprehensive income for the year	2,886,084	1,973,695
Total comprehensive income attributable to:		
Shareholders of the Company	2,537,407	1,768,256
Non-controlling interests	348,677	205,439
Total comprehensive income for the year	2,886,084	1,973,695
Basic and diluted earnings per ordinary share for profit attributable to the ordinary shareholders (RR per share)	15.10	16.32

HMS Hydraulic Machines & Systems Group plc
Consolidated Statement of Cash Flows for the year ended 31 December 2018
(in thousands of Russian Roubles, unless otherwise stated)

	2018	2017 Restated*
Cash flows from operating activities		
Profit before income tax	2,770,977	2,948,447
Adjustments for:		
Depreciation and amortisation	1,842,607	1,541,946
(Gain)/loss from disposal of property, plant and equipment and intangible assets	(20,457)	45,822
Finance income	(182,188)	(168,660)
Finance costs	1,610,545	1,775,092
Change in retirement benefits obligations	55,878	36,248
Change in warranty provision	102,966	(48,908)
Change in ECL allowance and provision for impairment of trade and other receivables and other financial assets	59,546	3,815
Change in provision for obsolete inventories	98,617	163,520
Change in provision for legal claims	(19,398)	195,830
Share-based compensation	155,989	93,218
Foreign exchange (gain)/loss, net	(13,352)	72,300
Amortisation of government grants	(30,806)	(16,777)
Change in provision for tax risks, other than income tax	(12,366)	14,984
Impairment of taxes receivable	-	6,204
Share of results of associates	570	331
Operating cash flows before working capital changes	6,419,128	6,663,412
Increase in inventories	(1,067,279)	(782,888)
Decrease/(increase) in trade and other receivables	977,282	(949,658)
Decrease/(increase) in contract assets	763,188	(1,808,366)
(Decrease)/increase in contract liabilities	(1,595,015)	2,718,357
Increase in current income tax receivable	(78,843)	(8,916)
(Decrease)/increase in taxes payable	(136,304)	247,774
(Decrease)/increase in accounts payable and accrued liabilities	(722,970)	1,458,773
Cash from operations	4,559,187	7,538,488
Income tax paid	(1,162,267)	(739,534)
Interest paid	(1,618,021)	(1,687,545)
Interest received	177,390	121,142
Net cash from operating activities	1,956,289	5,232,551
Cash flows from investing activities		
Repayment of loans advanced	74,914	65,884
Loans advanced	(53,445)	(57,507)
Proceeds and expenses from sale of property, plant and equipment and intangible assets, net	51,266	12,215
Interest received	890	4,040
Purchase of property, plant and equipment, net of VAT	(1,956,140)	(1,921,001)
Acquisition of intangible assets, net of VAT	(378,521)	(238,225)
Inflow of cash and cash equivalents on acquisition of subsidiary	165,257	-
Net cash used in investing activities	(2,095,779)	(2,134,594)
Cash flows from financing activities		
Repayments of borrowings	(11,976,504)	(18,561,873)
Proceeds from borrowings	15,223,755	18,126,821
Proceeds from government grant	60,000	78,945
Payment for finance lease	(16,580)	(6,569)
Buy back of issued shares	(56,636)	(81,438)
Acquisition of non-controlling interest in subsidiaries	(53,736)	-
Dividends related to Long-term Incentive Program	(48,816)	(17,696)
Dividends paid to non-controlling shareholders of subsidiaries	(48,319)	(37,513)
Dividends paid to the shareholders of the Company	(1,336,860)	(961,510)
Net cash from/(used in) financing activities	1,746,304	(1,460,833)
Net increase in cash and cash equivalents	1,606,814	1,637,124
Effect of exchange rate changes on cash and cash equivalents and effect of translation to presentation currency	67,744	(6,214)
Cash and cash equivalents at the beginning of the year	4,620,601	2,989,691
Cash and cash equivalents at the end of the year	6,295,159	4,620,601

ⁱ 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.

ⁱⁱ 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.

ⁱⁱⁱ 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.

^{iv} The construction provides construction works for projects for customers in the oil upstream and midstream, gas upstream.