

## HMS Group Reports Rub 6.7 billion EBITDA for FY 2021

Moscow, Russia – April 29, 2022 – HMS Hydraulic Machines & Systems Group Plc (the “HMS Group”, or the “HMS”, or the “Group”) (LSE, MOEX: 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 full year ended December 31, 2021.

### Financial highlights FY 2021:

- Revenue: Rub 57.2 bn (+23% yoy)
- EBITDA<sup>1</sup>: Rub 6.7 bn (+36% yoy), EBITDA margin at 11.8%
- Operating profit: Rub 3.8 bn (+116% yoy)
- Profit for the period: Rub 1.2 bn
  
- Total debt: Rub 22.7 bn (+2% yoy)
- Net debt: Rub 13.9 bn (+18% yoy)
- Net debt-to-EBITDA LTM ratio: 2.07x

### Operational highlights FY 2021:

- Order intake<sup>2</sup>: Rub 47.7 bn (-12% yoy)
- Backlog<sup>3</sup>: Rub 42.3 bn (-22% 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> Order intake – Portfolio of contracts and orders signed for a period

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

## HMS GROUP PERFORMANCE

### FY 2021 FINANCIAL RESULTS

- Order intake was down to Rub 47.7 billion, by 12% yoy, compared with Rub 54.2 billion for FY 2020, mainly due to less large contracts signed in the reporting period. All business segments grew except the compressors. In terms of contracts type, large contracts were down.
- Backlog was Rub 42.3 billion, down by 22% yoy, compared with Rub 53.9 billion at the end of 2020, but in the same time the company is working on a number of opportunities in 2022. In terms of contracts type, both recurring business and large contracts decreased.
- Revenue grew to Rub 57.2 billion by 23% yoy, compared with Rub 46.5 billion for FY 2020, based on revenue growth in all business segments except the pumps.
- EBITDA was Rub 6.7 billion, up by 36% yoy, implying EBITDA margin of 11.8%.
- Revenue from large contracts grew 66% yoy, and revenue from recurring business was up by 5% yoy. EBITDA from large contracts increased 91% yoy, while EBITDA from recurring business declined 12% yoy.
- Profit for the period was Rub 1.2 billion, compared with loss for the period at Rub 816 million for FY 2020.
- Free cash outflow was Rub 1.0 billion, compared with free cash inflow of Rub 3.0 billion for FY 2020, due to the higher working capital requirements for execution of large contracts that are within the normal quarterly volatility.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Orders	47,680	54,205	-12%	10,846	5,951	82%
Backlog	42,264	53,851	-22%	42,264	47,259	-11%
Revenue	57,159	46,476	23%	16,038	15,326	5%
EBITDA	6,723	4,947	36%	1,526	2,341	-35%
<i>EBITDA margin</i>	11.8%	10.6%		9.5%	15.3%	
Profit for the year/period	1,241	(816)	na	32	831	-96%
Free cash flow	(982)	2,958	na	3,491	231	1,414%

## EXPENSES AND OPERATING PROFIT

- Cost of sales was Rub 45.7 billion, up by 23% yoy, in line with revenue growth, compared with Rub 37.1 billion for FY 2020, mainly due to the growth in materials and components costs (+26% yoy).

<i>in millions of Rub</i>	2021	2020	Change yoy	Share of FY 2021 revenue	Share of FY 2020 revenue
<b>Cost of sales</b>	<b>45,737</b>	<b>37,071</b>	<b>23%</b>	<b>80.0%</b>	<b>79.8%</b>
Materials and components	30,023	23,760	26%	52.5%	51.1%
Labour costs incl Social taxes	7,673	6,906	11%	13.4%	14.9%
Depreciation and amortization	2,087	2,122	-2%	3.7%	4.6%
Construction and design <sup>4</sup>	3,643	2,557	42%	6.4%	5.5%
Others	2,310	1,726	34%	4.0%	3.7%

- Gross profit grew to Rub 11.4 billion, by 21% yoy, compared with Rub 9.4 billion for FY 2020.
- SG&A expenses<sup>5</sup> were up 4% yoy.  
 Distribution & transportation expenses were down 9% yoy due to lower transportation costs (-28% yoy). As a share of revenue, distribution & transportation expenses declined to 3.1%, compared with 4.3% for FY 2020.  
 General & administrative expenses were up to Rub 5.7 billion (+9% yoy) mainly due the growth in labour costs incl. social taxes (+15% yoy). As a share of revenue, general & administrative expenses were down to 10.0%, compared with 11.3% for FY 2020.
- Operating profit was up to Rub 3.8 billion (+185% yoy), compared with Rub 1.3 billion for FY 2020.

<i>in millions of Rub</i>	2021	2020	Change yoy	Share of FY 2021 revenue	Share of FY 2020 revenue
<b>Gross profit</b>	<b>11,423</b>	<b>9,405</b>	<b>21%</b>	<b>20.0%</b>	<b>20.2%</b>
Distribution & transportation	1,799	1,986	-9%	3.1%	4.3%
General & administrative	5,704	5,243	9%	10.0%	11.3%
<b>SG&amp;A expenses</b>	<b>7,503</b>	<b>7,228</b>	<b>4%</b>	<b>13.1%</b>	<b>15.6%</b>
Other operating expenses	111	412	-73%	0.2%	0.9%
<i>Operating expenses ex. Cost of sales</i>	<i>7,614</i>	<i>7,641</i>	<i>0%</i>	<i>13.3%</i>	<i>16.4%</i>
<b>Operating profit</b>	<b>3,809</b>	<b>1,338</b>	<b>185%</b>	<b>6.7%</b>	<b>2.9%</b>
Finance costs	1,976	1,926	3%	3.5%	4.1%

- Finance costs increased to Rub 2.0 billion, up by 3% yoy, mainly due to a growth in interest expenses (+2% yoy) because of higher interest rates, compared with FY 2020.

<sup>4</sup> Construction and design and engineering services of subcontractors

<sup>5</sup> SG&A expenses - Selling, General and Administrative Expenses, compiled of distribution & transportation expenses plus general & administrative ones

- Average interest rate grew to 9.91% p.a., compared with 8.00% p.a. last year.

<i>in millions of Rub</i>	2021	2020	Change yoy
<b>Finance costs</b>	<b>1,976</b>	<b>1,926</b>	<b>3%</b>
Interest rate, average	9.91%	8.00%	
Interest rate Rub, average	10.03%	8.12%	

## BUSINESS SEGMENTS PERFORMANCE

### Industrial pumps

- Order intake was Rub 22.2 billion, up by 25% yoy, compared with Rub 17.8 billion for FY 2020, due to both the large long-term contract signed in 2Q 2021 and a growth in recurring orders.
- Backlog was Rub 20.9 billion, up 14% yoy, compared with Rub 18.2 billion at the end of FY 2020, based on large contracts and recurring business.
- Revenue was down to Rub 20.0 billion (-2% yoy), compared with Rub 20.3 billion for FY 2020.
- EBITDA was down 16% yoy to Rub 2.5 billion, compared with Rub 2.9 billion for FY 2020, due to less revenue generated by both recurring business and large contracts. EBITDA margin was 12.3%, compared with 14.5% during FY 2020.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Orders	22,245	17,773	25%	5,747	4,003	44%
Backlog	20,851	18,227	14%	20,851	21,753	-4%
Revenue	19,951	20,256	-2%	6,804	5,157	32%
EBITDA	2,455	2,931	-16%	910	711	28%
EBITDA margin	12.3%	14.5%		13.4%	13.8%	

### Oil and Gas equipment & projects (OGEP)

- Order intake grew to Rub 17.9 billion, up by 32% yoy, compared with Rub 13.6 billion during FY 2020, due to large contracts signed in the reporting period.
- Backlog stayed almost unchanged at Rub 9.3 billion, supported by large contracts.
- Revenue grew to Rub 18.4 billion, up by 63% yoy, compared with Rub 11.3 billion for FY 2020, due to large contracts.
- EBITDA increased to Rub 1.8 billion, up by 653% yoy, compared with Rub 241 million for FY 2020 mainly due to a larger share of large contracts in the reporting period. EBITDA margin was 9.9%, compared with 2.1% for FY 2020.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Orders	17,886	13,568	32%	2,511	1,348	86%
Backlog	9,278	9,318	0%	9,278	11,697	-21%
Revenue	18,425	11,284	63%	5,057	5,027	1%
EBITDA	1,818	241	653%	425	575	-26%
EBITDA margin	9.9%	2.1%		8.4%	11.4%	

### Compressors

- Order intake declined to Rub 5.5 billion, down by 76% yoy, compared with Rub 22.6 billion for FY 2020, due to less large contracts signed in the reporting period.
- Backlog was Rub 11.4 billion, down by 54% yoy, compared with Rub 24.8 billion at the end of 2020.
- Revenue grew to Rub 19.9 billion, up by 33% yoy, compared with Rub 14.9 billion for FY 2020.
- EBITDA increased to Rub 2.5 billion, up by 31% yoy, compared with Rub 1.9 billion for FY 2020. EBITDA margin was down to 12.8%, compared with 13.0% for FY 2020.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Orders	5,533	22,617	-76%	2,570	581	342%
Backlog	11,419	24,765	-54%	11,419	12,897	-11%
Revenue	19,891	14,947	33%	4,634	5,330	-13%
EBITDA	2,537	1,939	31%	488	1,071	-54%
EBITDA margin	12.8%	13.0%		10.5%	20.1%	

### Construction

- Order intake equaled Rub 2.0 billion. Backlog was down to Rub 0.7 billion.
- Revenue was up to Rub 898 million, compared with Rub 718 million for FY 2020. EBITDA was Rub 51 million, compared with Rub (63) million last year.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Orders	2,017	247	718%	17	19	-8%
Backlog	716	1,541	-54%	716	911	-21%
Revenue	898	718	25%	221	319	-31%
EBITDA	51	(63)	na	24	48	-50%
EBITDA margin	5.7%	-8.8%		10.9%	15.1%	

## WORKING CAPITAL AND CAPITAL EXPENDITURES

- Working capital increased to Rub 10.0 billion (+49% yoy), compared with Rub 6.8 billion at the end of 2020. Working capital changes are within the normal quarterly volatility.
- As a share of revenue, working capital was at 17.6% vs. 14.5% at the end of 2020.
- Maintenance capex was Rub 1.4 billion, down by 1% yoy.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Working capital	10,047	6,752	49%	10,047	13,390	-25%
Working capital / Revenue LTM	17.6%	14.5%		17.6%	23.9%	
Maintenance capex	1,384	1,392	-1%	374	353	6%
Acquisitions	-	-		-	-	

## DEBT POSITION

- Total debt was up 2% yoy to Rub 22.7 billion, compared with Rub 22.2 billion at the end of 2020.
- Net debt was Rub 13.9 billion (+18% yoy), compared with Rub 11.8 billion at the end of 2020.
- Net debt to EBITDA LTM ratio was 2.07x, down from 2.39x at the end of 2020.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Total debt	22,668	22,175	2%	22,668	22,642	0%
Net debt	13,896	11,814	18%	13,896	16,771	-17%
Net debt / EBITDA LTM	2.07	2.39		2.07	2.48	

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE

- On March 3, 2022, the London Stock Exchange has suspended the admission to trading of the Company's GDRs.

## DEBT MANAGEMENT

- In March 2022, based on the Federal Law № 71-FZ dated 26 March 2022, the Group fixed for the three months the interest rates of its total Rub-denominated floating rate borrowing portfolio in amount of Rub 3.9 billion at 12.5%, 13.5% and 16.5% per annum for the April, May and June 2022, respectively.
- In April 2022, the Group signed preferential credit facility agreements in the total amount of Rub 4.9 billion at 11% per annum with 1-year maturity for financing its operational needs.
- As of April 1, 2022, HMS Group has only Rub 187 million to be repaid in 2022.
- The average interest rate grew to 10.15% per annum as of April 1, 2022.

<i>in millions of Rub</i>	2022	2023	2024	2025
Debt to be repaid as of April 1, 2022	187	9,994	11,517	281

## CONTRACTS

- In February 2022, HMS Group announced the signing of Rub 7.0 billion contract to manufacture and deliver oil & gas equipment in 2023-2025.
- In April 2022, HMS Group announced the signing of Rub 3.3 billion contract to manufacture and deliver gas transportation units in 2023-2024 to a gas condensate field located in Russia.

## BUYBACK PROGRAM

- After the reporting date, no GDRs have been purchased under the buyback program. The company holds 257,960 of its GDRs in treasury (1.1% of its issued share capital).

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**No Webcast will be hold**

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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 and the Moscow 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.*

LEI: 254900DDFETNLASV8M53

**HMS Hydraulic Machines & Systems Group plc**  
**Consolidated Statement of Financial Position at 31 December 2021**  
*(in thousands of Russian Roubles, unless otherwise stated)*

	31 December 2021	31 December 2020
<b>ASSETS</b>		
<b>Non-current assets:</b>		
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
<b>Total non-current assets</b>	<b>20,134,391</b>	<b>20,966,720</b>
<b>Current assets:</b>		
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
<b>Total current assets</b>	<b>44,681,114</b>	<b>41,103,429</b>
<b>TOTAL ASSETS</b>	<b>64,815,505</b>	<b>62,070,149</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	(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
<b>Equity attributable to the shareholders of the Company</b>	<b>10,031,191</b>	<b>9,825,602</b>
<b>Non-controlling interests</b>	<b>3,699,312</b>	<b>3,518,674</b>
<b>TOTAL EQUITY</b>	<b>13,730,503</b>	<b>13,344,276</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities:</b>		
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
<b>Total non-current liabilities</b>	<b>24,598,041</b>	<b>23,132,266</b>
<b>Current liabilities:</b>		
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
<b>Total current liabilities</b>	<b>26,486,961</b>	<b>25,593,607</b>
<b>TOTAL LIABILITIES</b>	<b>51,085,002</b>	<b>48,725,873</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>64,815,505</b>	<b>62,070,149</b>



**HMS Hydraulic Machines & Systems Group plc**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended 31 December 2021**  
*(in thousands of Russian Roubles, unless otherwise stated)*

	<b>2021</b>	<b>2020</b>
Revenue	57,159,315	46,476,487
Cost of sales	(45,736,646)	(37,071,430)
<b>Gross profit</b>	<b>11,422,669</b>	<b>9,405,057</b>
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)
<b>Operating profit</b>	<b>3,808,956</b>	<b>1,338,423</b>
Finance income	181,591	251,571
Finance costs	(1,976,275)	(1,926,310)
Share of results of associates	(470)	(161)
<b>Profit/(loss) before income tax</b>	<b>2,013,802</b>	<b>(336,477)</b>
Income tax expense	(772,783)	(479,814)
<b>Profit/(loss) for the year</b>	<b>1,241,019</b>	<b>(816,291)</b>
<b>Profit/(loss) attributable to:</b>		
Shareholders of the Company	1,032,202	(971,996)
Non-controlling interests	208,817	155,705
<b>Profit/(loss) for the year</b>	<b>1,241,019</b>	<b>(816,291)</b>
<b>Other comprehensive (loss)/income:</b>		
<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)
<b>Other comprehensive (loss)/income for the year</b>	<b>(20,931)</b>	<b>687,763</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>1,220,088</b>	<b>(128,528)</b>
<b>Total comprehensive income/(loss) attributable to:</b>		
Shareholders of the Company	981,741	(288,238)
Non-controlling interests	238,347	159,710
<b>Total comprehensive income/(loss) for the year</b>	<b>1,220,088</b>	<b>(128,528)</b>
<b>Basic and diluted profit/(loss) per ordinary share for profit/(loss) attributable to the ordinary shareholders (RR per share)</b>	<b>8.90</b>	<b>(8.50)</b>

**HMS Hydraulic Machines & Systems Group plc**  
**Consolidated Statement of Cash Flows for the year ended 31 December 2021**  
*(in thousands of Russian Roubles, unless otherwise stated)*

	2021	2020
<b>Cash flows from operating activities</b>		
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
<b>Operating cash flows before working capital changes</b>	<b>6,480,442</b>	<b>4,761,534</b>
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)
<b>Cash from operations</b>	<b>2,715,423</b>	<b>6,787,817</b>
Income tax paid	(644,282)	(820,008)
Interest paid	(1,952,685)	(1,887,821)
Interest received	178,458	259,533
<b>Net cash from operating activities</b>	<b>296,914</b>	<b>4,339,521</b>
<b>Cash flows from investing activities</b>		
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)
<b>Net cash used in investing activities</b>	<b>(1,278,477)</b>	<b>(1,381,851)</b>
<b>Cash flows from financing activities</b>		
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)
<b>Net cash used in financing activities</b>	<b>(597,157)</b>	<b>(2,813,426)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,578,720)</b>	<b>144,244</b>
<b>Effect of exchange rate changes on cash and cash equivalents and effect of translation to presentation currency</b>	<b>(10,226)</b>	<b>296,076</b>
<b>Effect of changes in expected credit losses allowance for cash and cash equivalents</b>	<b>-</b>	<b>(31,850)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10,360,588</b>	<b>9,952,118</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>8,771,642</b>	<b>10,360,588</b>