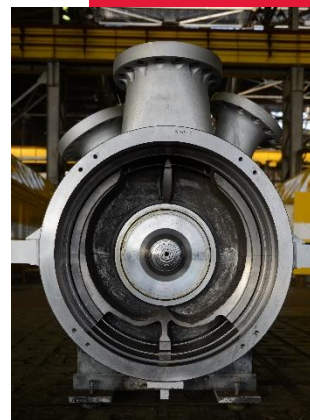




Capital Markets

3 months 2019 IFRS results

Webcast presentation



Financial results

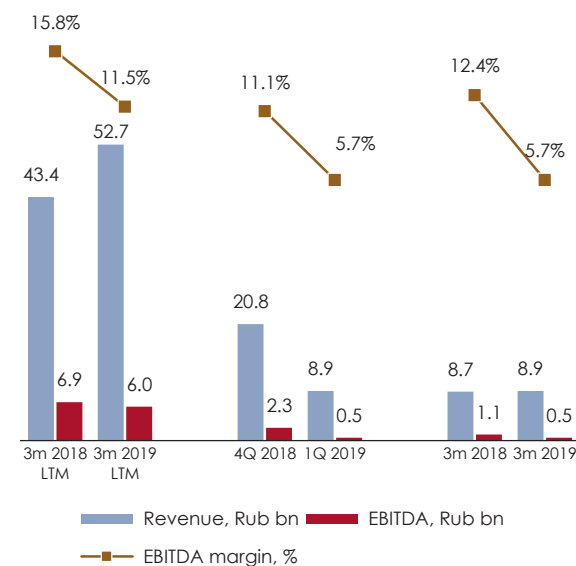


Financial highlights



<i>in millions of Rub</i>	3m 2019	3m 2018	chg, yoy
Revenue	8,854	8,726	1%
EBITDA	501	1,080	-54%
Gross profit	1,589	2,178	-27%
Operating loss/profit	-238	430	Na
Loss/profit for the period	-495	19	Na
EBITDA margin	5.7%	12.4%	-671 bps
Gross margin	17.9%	25.0%	-701 bps
Operating margin	-2.7%	4.9%	Na
Net loss/income margin	-5.6%	0.2%	Na
Total debt	18,845	17,140	10%
Net debt	14,650	14,842	-1%
EBITDA LTM	6,042	6,871	-12%
Net debt to EBITDA LTM	2.42	2.16	

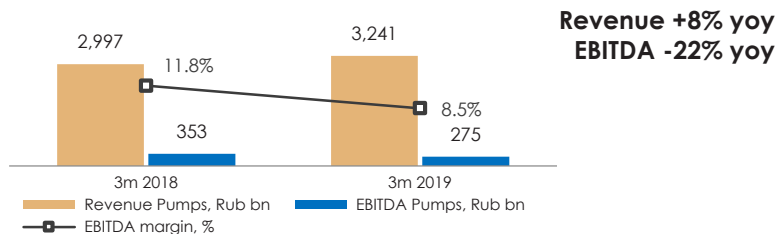
Revenue & EBITDA performance



Segments overview

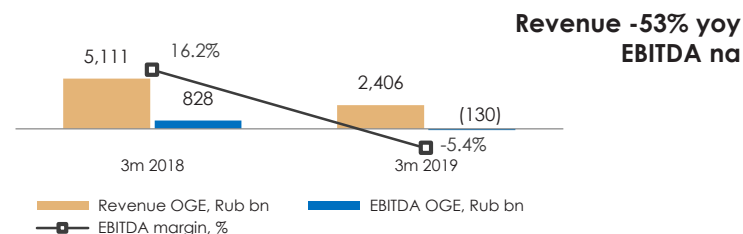


Industrial pumps



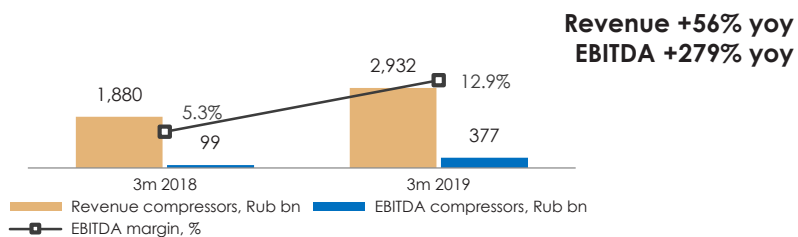
- Revenue up 8% yoy to Rub 3.2 bn
- EBITDA and EBITDA margin down due to a larger share of recurring business, which has lower margins compared with large integrated contracts

Oil and gas equipment & projects



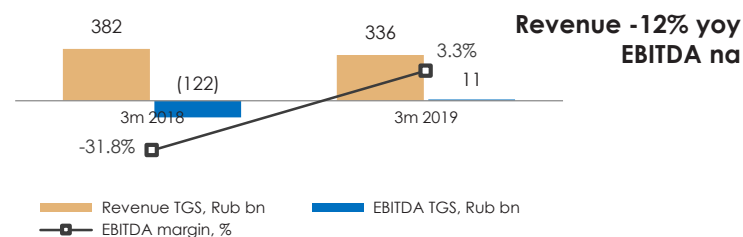
- Revenue and EBITDA down due to the lack of large contracts under execution combined with an unfavorable mix of recurring contracts with low margins

Compressors



- Revenue up 56% yoy to Rub 2.9 bn and EBITDA was Rub 377 mn due to large contracts
- EBITDA margin 12.9%, higher than for 3 months 2018, due to a larger share of large contracts in the reporting period

Construction (TGS)



- Revenue down 12% yoy and EBITDA turned positive

Expenses

<i>in millions of Rub</i>	1Q 2019	1Q 2018	chg. yoy
Cost of sales	7,265	6,548	11%
% of revenue	82.1%	75.0%	
Materials and components	4,371	3,672	19%
% of revenue	49.4%	42.1%	
Labour costs & Social taxes	1,687	1,735	-3%
% of revenue	19.1%	19.9%	
Depreciation & amortization	464	365	27%
% of revenue	5.2%	4.2%	
Subcontractors (Construction, design and other services)	378	317	19%
% of revenue	4.3%	3.6%	
Other expenses	365	458	-20%
% of revenue	4.1%	5.3%	

<i>in millions of Rub</i>	1Q 2019	1Q 2018	chg. yoy
Distribution and transportation expenses	436	460	-5%
% of revenue	4.9%	5.3%	
Labour costs & Social taxes	186	175	6%
% of revenue	2.1%	2.0%	
Transportation expenses	105	114	-8%
% of revenue	1.2%	1.3%	
Entertaining costs and business trip expenses	16	7	150%
% of revenue	0.2%	0.1%	
Other expenses	129	165	-21%
% of revenue	1.5%	1.9%	

<i>in millions of Rub</i>	1Q 2019	1Q 2018	chg. yoy
General and administrative expenses	1,302	1,227	6%
% of revenue	14.7%	14.1%	
Labour costs & Social taxes	861	799	8%
% of revenue	9.7%	9.2%	
Bank services	83	59	42%
% of revenue	0.9%	0.7%	
Depreciation and amortisation	75	56	34%
% of revenue	0.9%	0.6%	
Other expenses	282	313	-10%
% of revenue	3.2%	3.6%	

Source: Company data, IFRS accounts

Cost of sales

Cost of sales up 11% yoy to Rub 7.3 bn from Rub 6.5 bn

- Materials and components up 19% yoy
- Depreciation & amortization up 27% yoy
- Labour costs & social taxes down 3% yoy

* Herein, Materials & components, Labour costs and Social taxes, Construction, design and engineering and other services of subcontractors were additionally derived from Change in work in progress and finished goods, thereby do not coincide with the note in the financial statement

Distribution and transportation

Distribution & transportation costs down 5% yoy

- Due to decrease in transportation expenses of 8% yoy

General and administrative

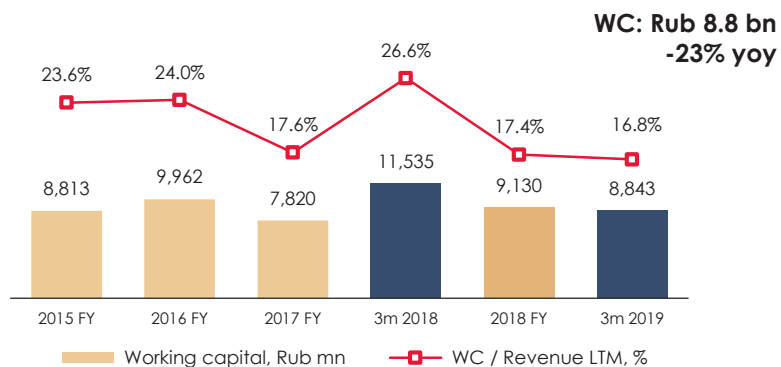
General & administrative costs grew by 6% yoy to Rub 1.3 bn

- Due to increase in labor costs & social expenses by 8% yoy

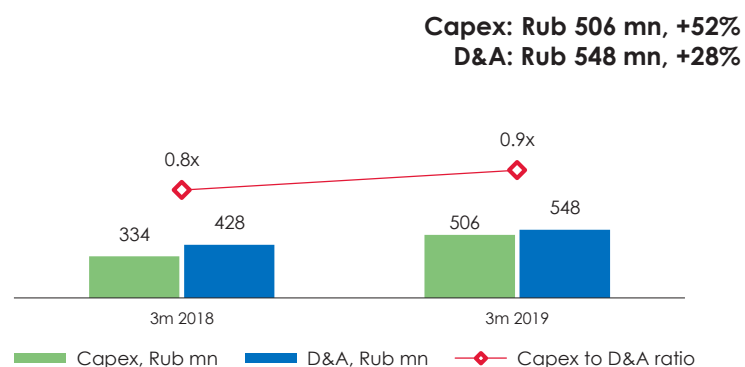
Cash flows



Working capital



Capex and D&A ratio



Cash flows performance

<i>in millions of Rub</i>	3m 2019	3m 2018	Chg, yoy
Operating cash flow	(68)	(2,648)	na
Investing cash flow	(1,160)	(258)	na
Free cash flow (FCF)	(1,228)	(2,906)	na
Financing cash flow	(853)	574	na
Cash and cash equivalents	4,195	2,298	83%

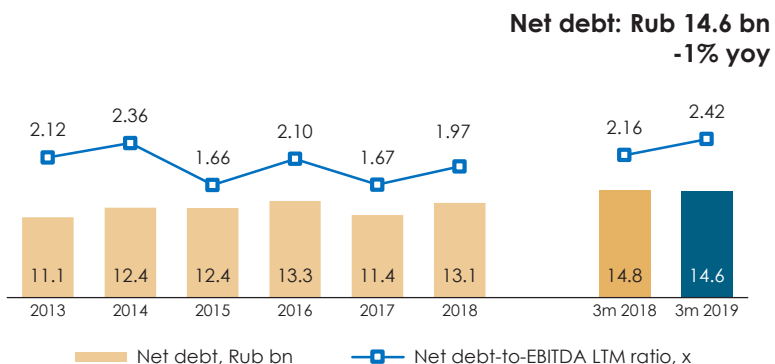
Comments

- In February 2019, HMS Neftemash JSC, acquired a group of companies engaged in manufacturing of oil and gas equipment, located in Tumen, for a total consideration of Rub 700 mn, paid by cash. Outflow of cash and cash equivalents on acquisition was Rub 669 mn

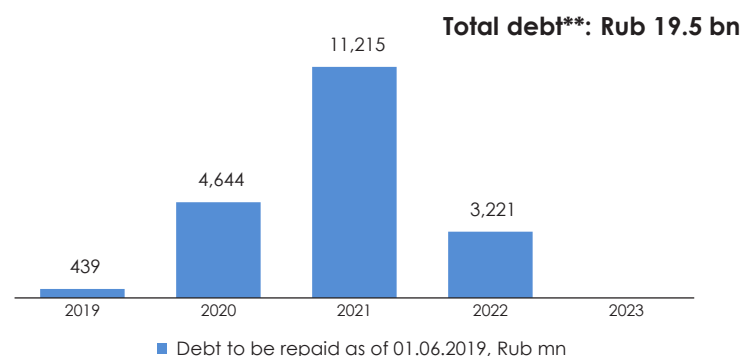
Debt



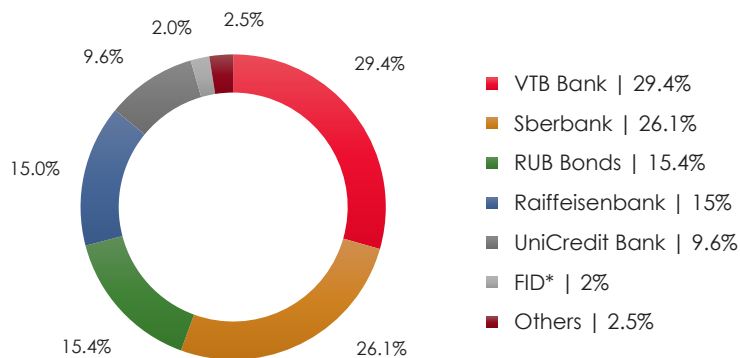
Leverage



Debt repayment schedule, 01.06.2019

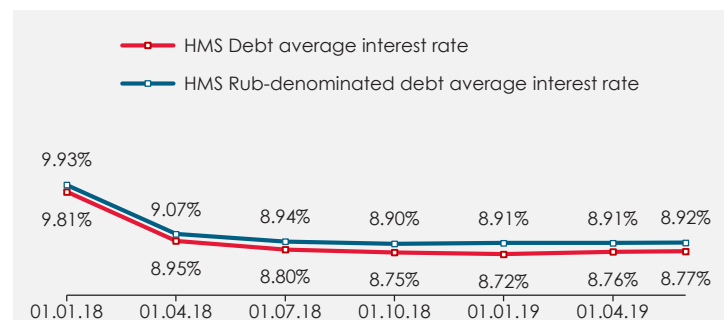


Debt portfolio structure by banks, 01.06.2019



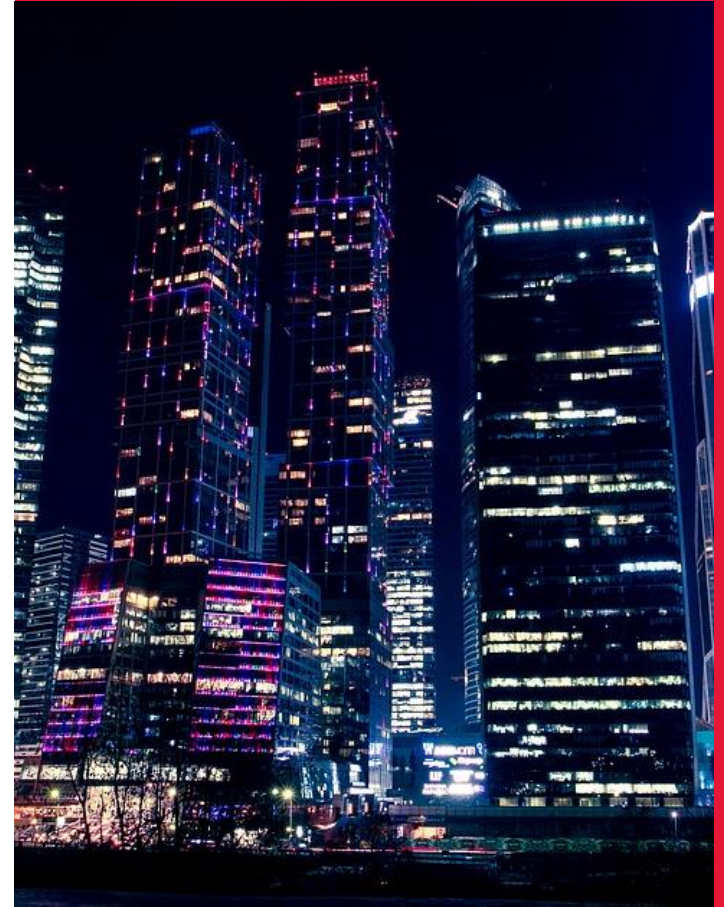
Comments

- 3m 2019 Total debt increased to Rub 18.8 bn (+10% yoy)
- 3m 2019 Net debt down to Rub 14.6 bn (-1% yoy)
- 3m 2019 Net Debt-to-EBITDA LTM ratio up to 2.42x
- Long-term debt: 94% of total debt portfolio
- Borrowings in Rub: 97% of total debt portfolio

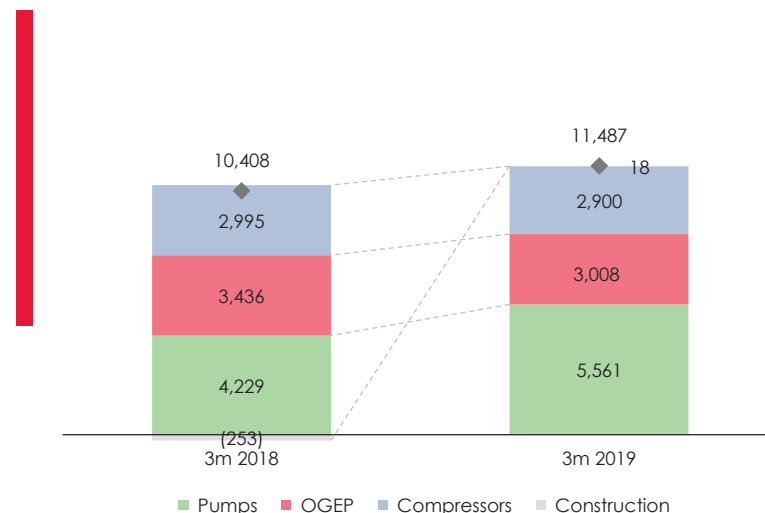
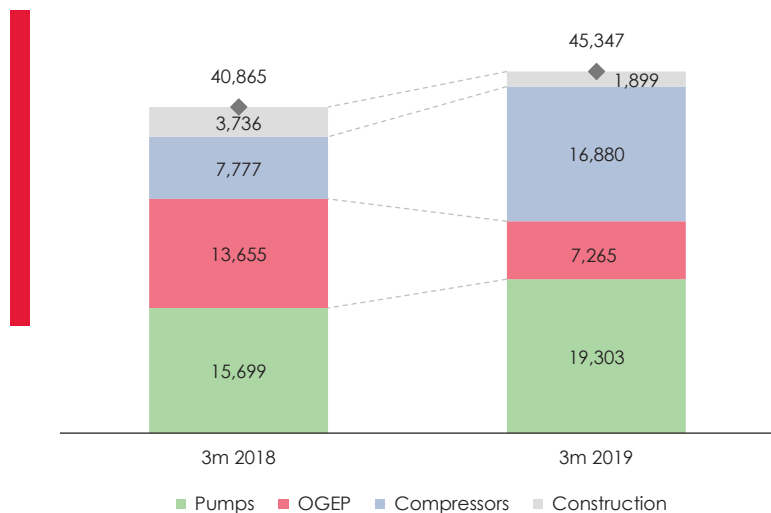


Source: Company data, IFRS accounts, management accounts
 * FID – Fund of Industrial development of the Russian Federation, the
 ** Herein, total debt includes only bank credits and loans, and doesn't include finance lease

Business & Outlook



Backlog and Order intake for 3 months 2019



Backlog

Backlog grew by 11% yoy to Rub 45.3 bn

- Pumps up 23% yoy to Rub 19.3 bn
- Oil & gas equipment down 47% yoy to Rub 7.3 bn
- Compressors up 117% yoy to Rub 16.9 bn
- TGS down 49% yoy to Rub 1.9 bn

in billions of Rub	3m 2018	Chg	3m 2019
Total Backlog, where	40.9	11%	45.3
Large integrated projects	15.9	-6%	15.0
Recurring business	24.9	22%	30.3

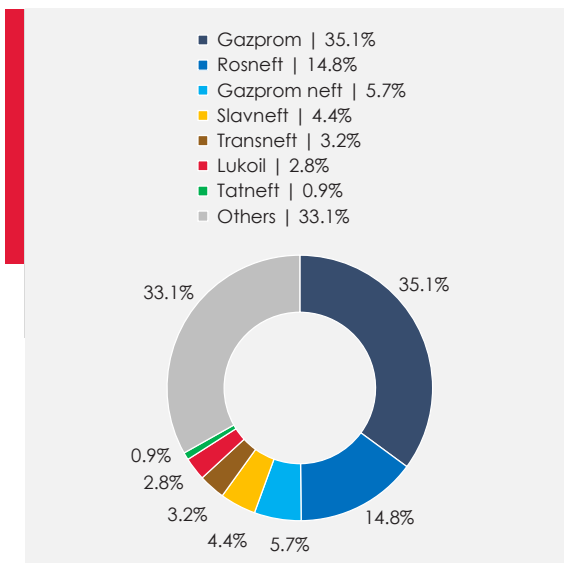
Order intake

Order intake grew by 10% yoy to Rub 11.5 bn

- Pumps up 31% yoy to Rub 5.6 bn
- Oil & gas equipment down 12% yoy to Rub 3.0 bn
- Compressors down 3% yoy to Rub 2.9 bn
- TGS added Rub 18 mn to its orders portfolio

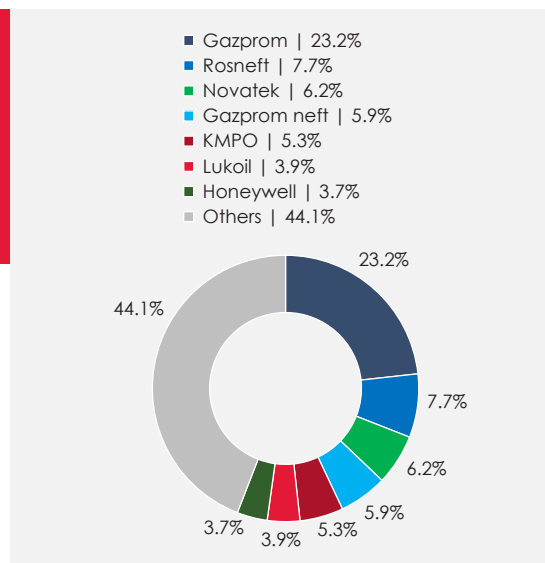
in billions of Rub	3m 2018	Chg	3m 2019
Total Order intake, where	10.4	10%	11.5
Large integrated projects	2.8	-100%	0.0
Recurring business	7.6	51%	11.5

HMS revenue structure



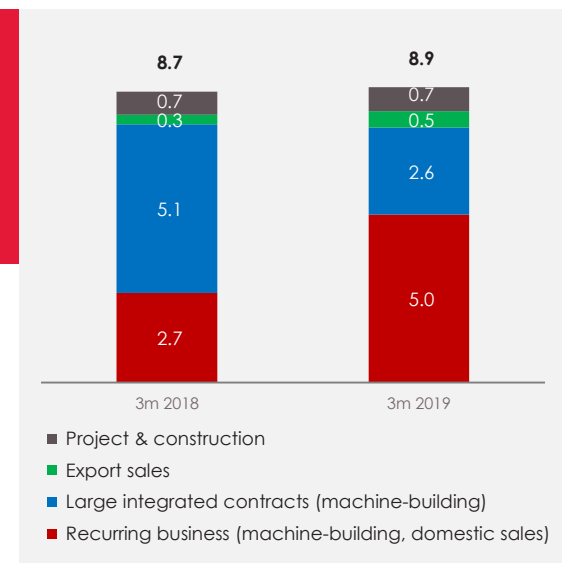
Top-7 clients for 3m 2018

- A stable number of large clients generates revenue from both large contracts and recurring business
- Around 6 thousand of other clients create a "safety cushion" with recurring business



Top-7 clients for 3m 2019

- NOVATEK became one of the main clients alongside Gazprom, Rosneft and Gazprom neft



Revenue by products

- In terms of products type, revenue increased due to recurring business
- A stable number of clients generates revenue from both large contracts and recurring business



HMS Hydraulic Machines & Systems Group Plc is listed on the London Stock Exchange (Main market, IOB)

Number of shares outstanding: 117,163,427

ISIN RegS: US40425X4079

 144A: US40425X3089

Ratio 1 GDR : 5 Shares

Ticker HMSG

Bloomberg HMSG LI

Reuters HMSGq.L

Capital markets

7 Chayanova str., Moscow 125047, Russia

+7 (495) 730-66-01

IR@hms.ru

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 from continuing operations adjusted for other operating income/expenses, depreciation and amortisation, 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, 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
- **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 **Short-term borrowings**
- **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