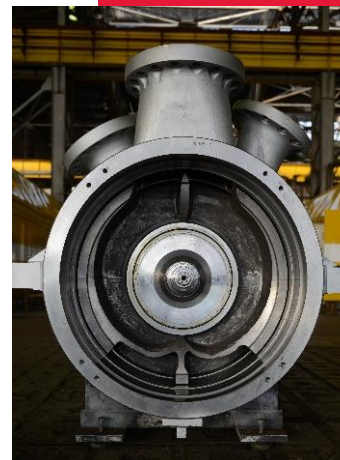




Capital Markets

9m 2020 IFRS results

Investor presentation



December 11, 2020

Financial results for 9 months 2020



<i>Rub mn</i>	9m 2020	9m 2019	chg, yoy	3q 2020	3q 2019	chg, yoy	3q 2020	2q 2020	chg, qoq
Revenue	31,477	36,681	-14%	11,978	13,262	-10%	11,978	10,383	15%
EBITDA	3,371	3,392	-1%	1,264	1,439	-12%	1,264	1,030	23%
Gross profit	6,311	7,055	-11%	2,350	2,625	-11%	2,350	1,973	19%
Operating profit	1,215	1,583	-23%	692	981	-29%	692	259	167%
Loss/profit for the period	(224)	191	-217%	90	368	-76%	90	(161)	-156%
EBITDA margin	10.7%	9.2%	146 bps	10.6%	10.8%	-29 bps	10.6%	9.9%	64 bps
Gross margin	20.0%	19.2%	82 bps	19.6%	19.8%	-18 bps	19.6%	19.0%	61 bps
Operating margin	3.9%	4.3%	-45 bps	5.8%	7.4%	-162 bps	5.8%	2.5%	328 bps
Loss/profit for the period margin	-0.7%	0.5%	-123 bps	0.8%	2.8%	-202 bps	0.8%	-1.5%	230 bps
Total debt	22,832	21,115	8%	22,832	21,115	8%	22,832	22,752	0%
Net debt	13,897	16,960	-18%	13,897	16,960	-18%	13,897	16,177	-14%
EBITDA LTM	4,803	5,694	-16%	4,803	5,694	-16%	4,803	4,977	-4%
Net debt/EBITDA LTM	2.89	2.98		2.89	2.98		2.89	3.25	

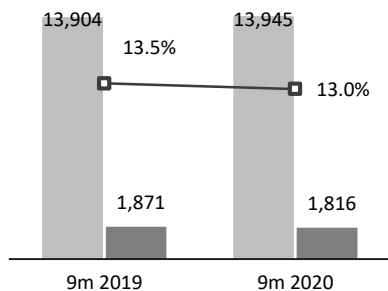
FY2020 Guidance

- Revenue: Rub 50-55 bn
- EBITDA: Rub 4.7-5 bn
- Current operating results don't imply net income for FY2020
- It's unlikely that HMS will pay dividends for FY2020, taking into account expected annual results and aggregate macroeconomic risks

Segments review



Pumps

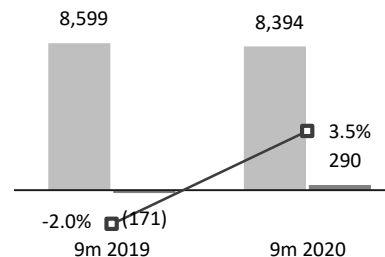


Revenue gross, Rub mn
 EBITDA, Rub mn
 EBITDA margin, %

Revenue +0% yoy
EBITDA -3% yoy

- Revenue stood almost unchanged at Rub 13.9 bn
- EBITDA down by 3% to Rub 1.8 bn
- EBITDA margin declined to 13.0%

Oil & gas equipment and projects

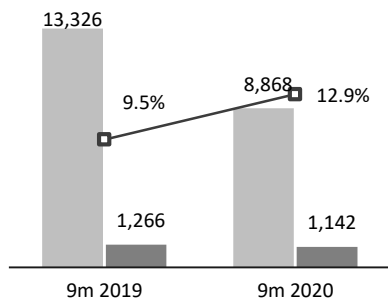


Revenue gross, Rub mn
 EBITDA, Rub mn
 EBITDA margin, %

Revenue -2% yoy
EBITDA na

- Revenue down to Rub 8.4 bn
- EBITDA grew to Rub 290 mn vs. negative EBITDA of Rub 171 mn for 9m 2019 due to the recovery of OGE segment

Compressors

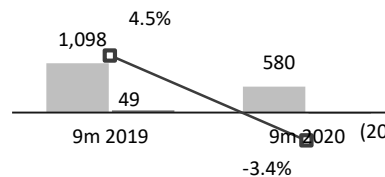


Revenue gross, Rub mn
 EBITDA, Rub mn
 EBITDA margin, %

Revenue -33% yoy
EBITDA -10% yoy

- Revenue down to Rub 8.9 bn and EBITDA declined to Rub 1.1 bn
- EBITDA margin was up to 12.9%
- In the first three quarters of 2019 there was a drop in order intake, that led to lower financial results for 9 months 2020. The situation has recovered, based on the current order portfolio

Construction



Revenue gross, Rub mn
 EBITDA, Rub mn
 EBITDA margin, %

Revenue -47% yoy
EBITDA na

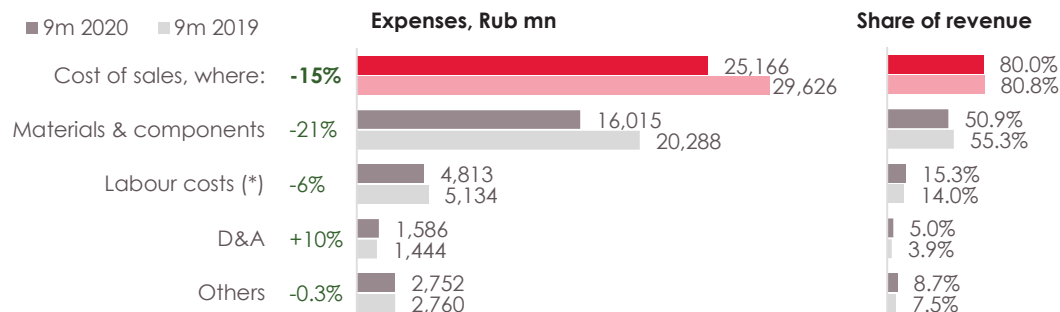
- Revenue was down by 47%
- EBITDA declined to Rub (20) mn

HMS costs & expenses structure



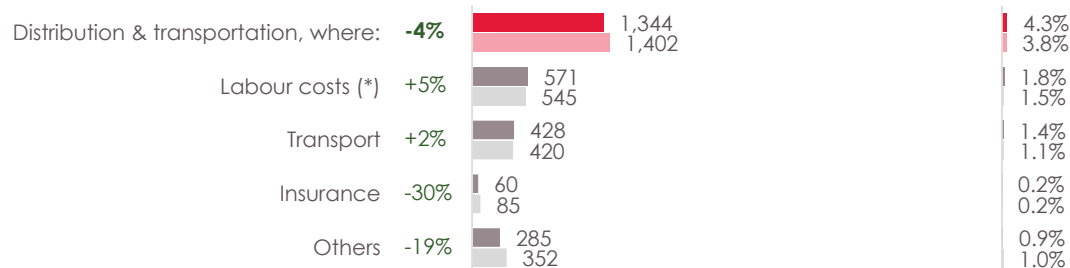
Cost of sales down by 15% yoy

- Cost of sales went down due to the decrease in materials and components (-21% yoy) mainly because of both lower HMS' revenue and lower share of large contracts under execution in the reporting period, compared with 9m 2019
- Labour costs were down by 6% yoy



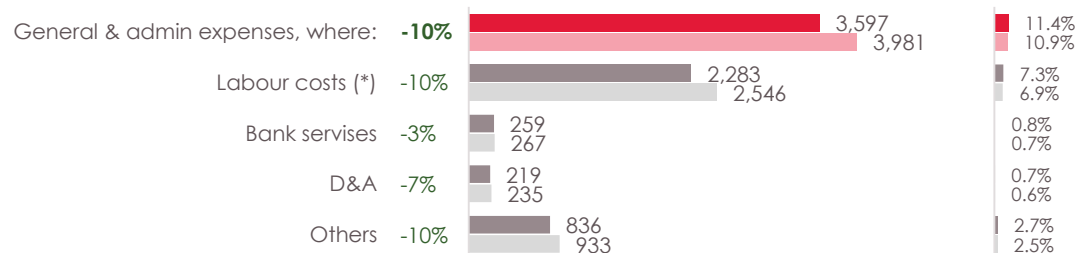
Distribution & transportation down by 4% yoy

- Distribution & transportation expenses declined mainly as a result of implemented cost-optimization program



General & administrative was down by 10% yoy

- General & administrative expenses declined by 10% yoy mainly due to decreased labour costs (-10% yoy) as the result of the cost-optimization program



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

(*) Herein, labour costs includes social taxes

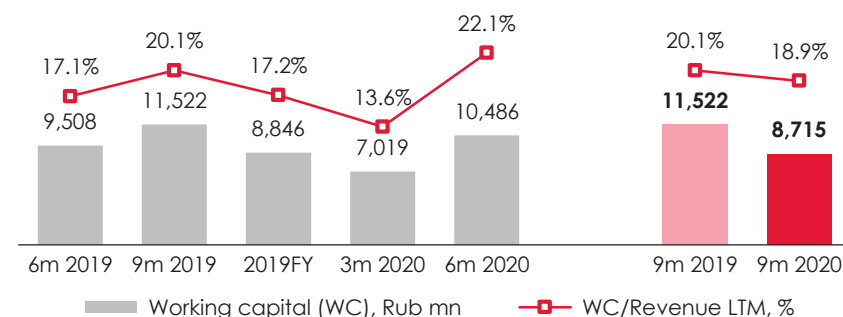
Cash flow analysis



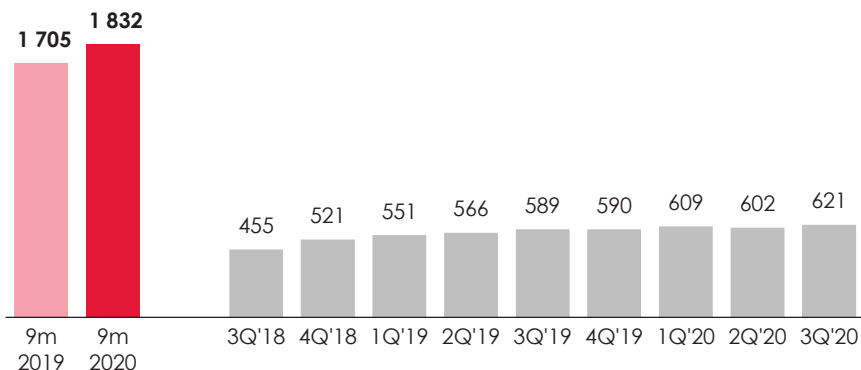
Free cash inflow of Rub 884 mn due to volatility of working capital, which was used for execution of large projects

Cash flow performance, Rub mn	9m 2020	9m 2019
Operating CF	2,039	(812)
Investing CF, where	(1,155)	(1,811)
Acquisition	-	(670)
Free CF	884	(2,623)
Dividends	(446)	(1,161)

Working capital declined to Rub 8.7 bn by 24% yoy due to a quarterly volatility, related to execution of large contracts

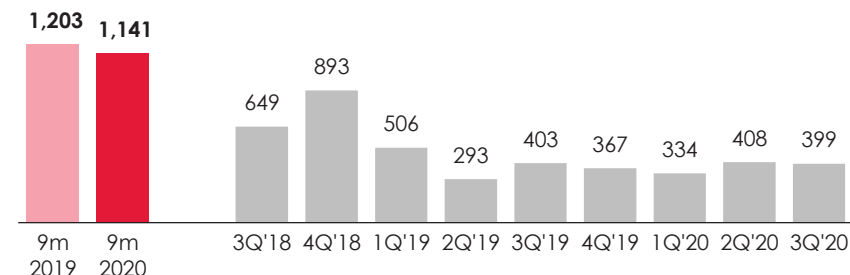


Depreciation & amortization was up 7% yoy



Capex down to Rub 1.1 bn, by 5% yoy

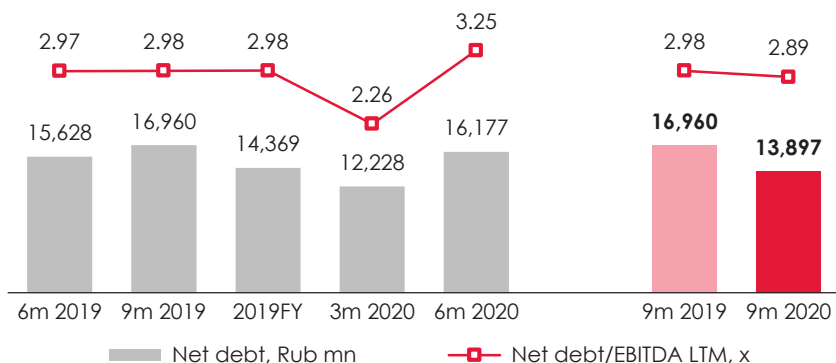
Capex down due to the cost-optimization program, implemented in 1H 2019 and continued in 2020



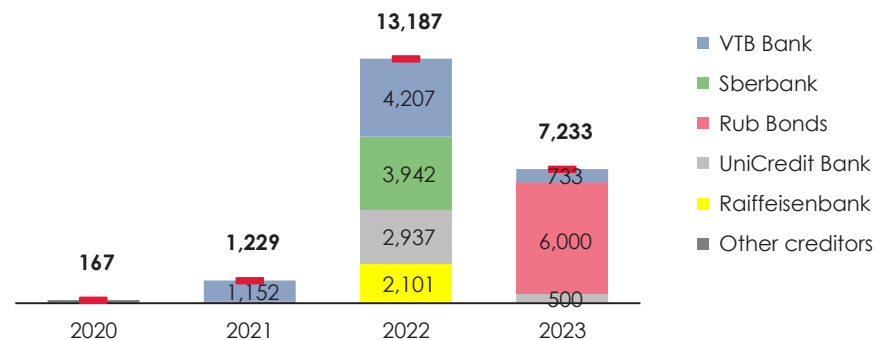
Credit portfolio



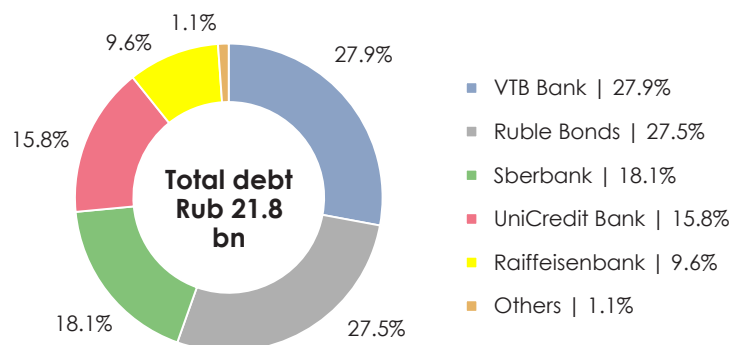
Net debt was down to Rub 13.9 bn and Net debt/EBITDA LTM declined to 2.89x



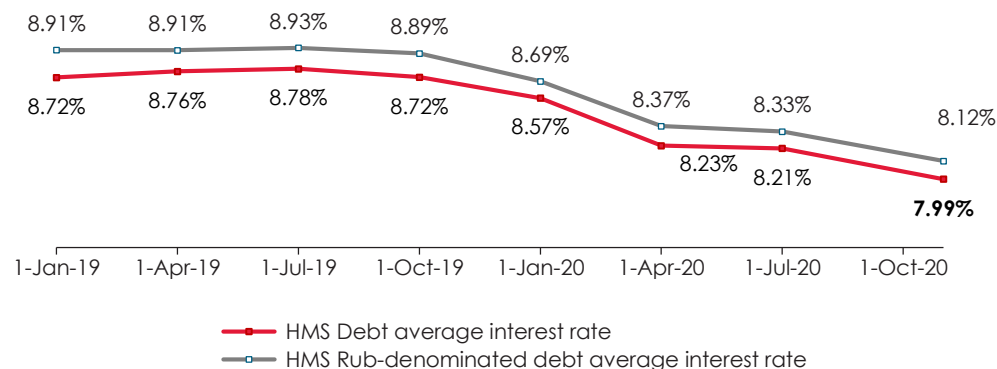
Debt repayment schedule as of today, Rub mn



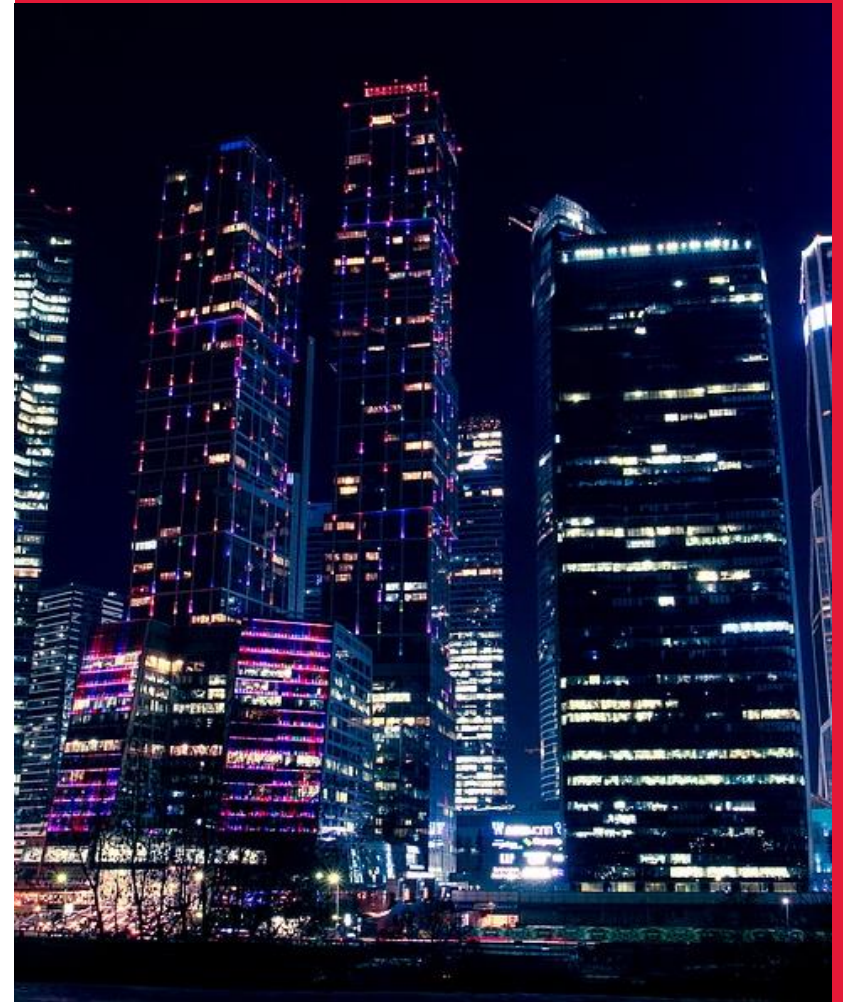
Structure of HMS creditors as of today



HMS average interest rate declined to 7.99% p.a.



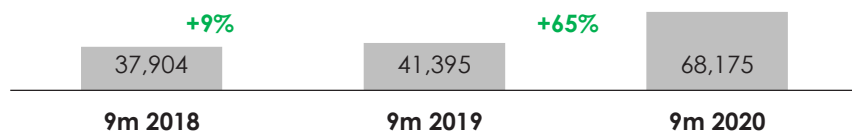
Business & Outlook



Backlog was up to Rub 68.2 bn (+65% yoy) Order intake grew to Rub 49.8 bn (+37% yoy)

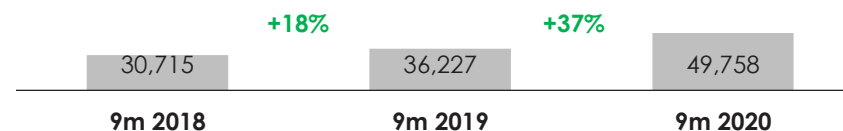
Backlog grew 65 percent yoy to Rub 68.2 bn mainly thanks to the compressors

■ Backlog dynamics 9m 2018 - 9m 2019 - 9m 2020, Rub mn

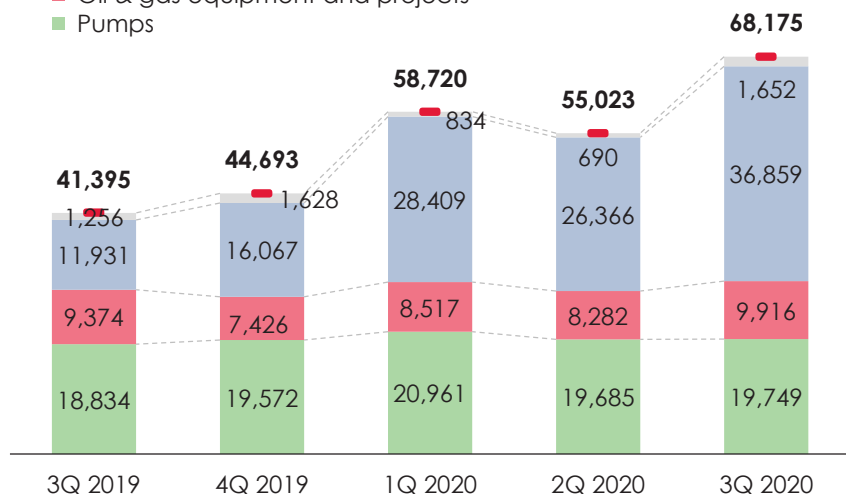


Order intake grew 37 percent yoy to Rub 49.8 bn

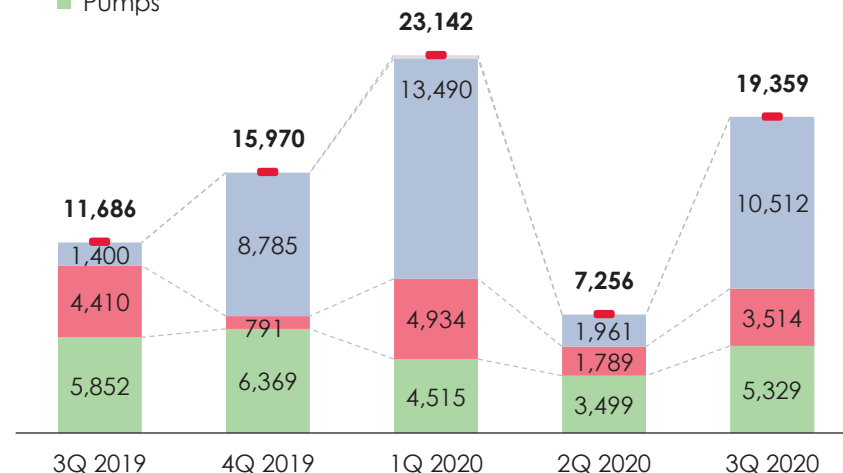
■ Order intake dynamics 9m 2018 - 9m 2019 - 9m 2020, Rub mn



■ Construction
■ Compressors
■ Oil & gas equipment and projects
■ Pumps



■ Construction
■ Compressors
■ Oil & gas equipment and projects
■ Pumps



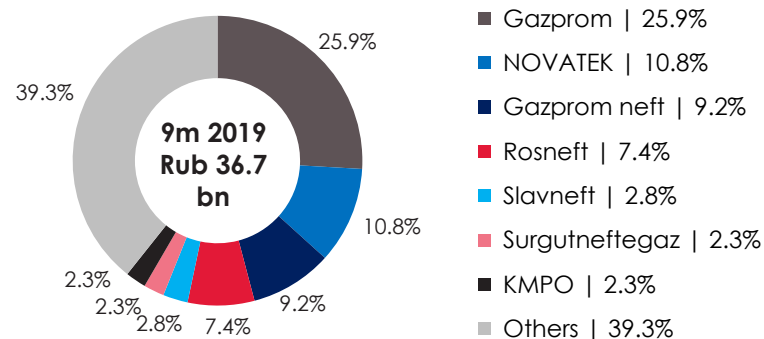
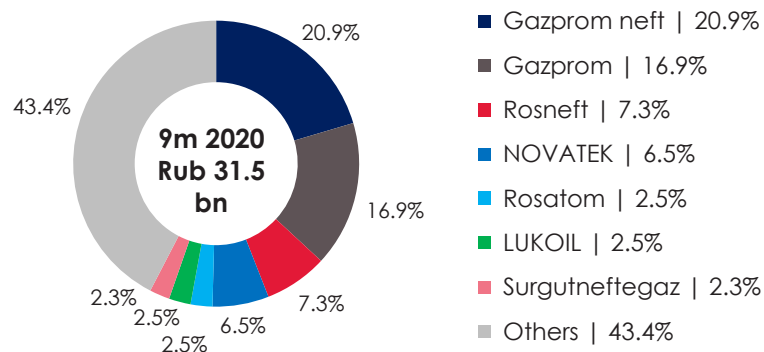
- In 4Q 2020, Backlog and order intake will add two signed large contracts worth Rub 4.5 bn in total: Rub 3.2 bn compressor contract and Rub 1.3 bn oil & gas equipment contract

Revenue structure by clients and contracts type



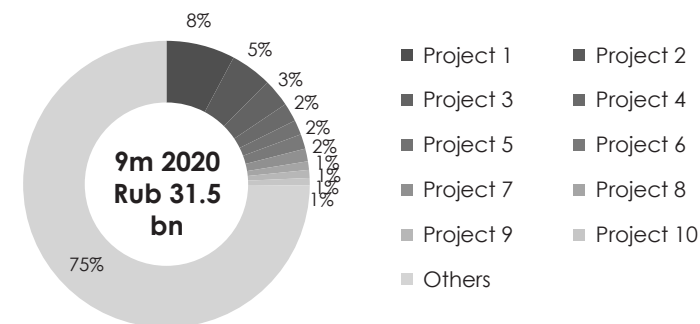
Top-7 clients' share down to 57%, compared with 61% last year

Other clients' share increased to 43% vs 39% in the compared period (9m 2019)

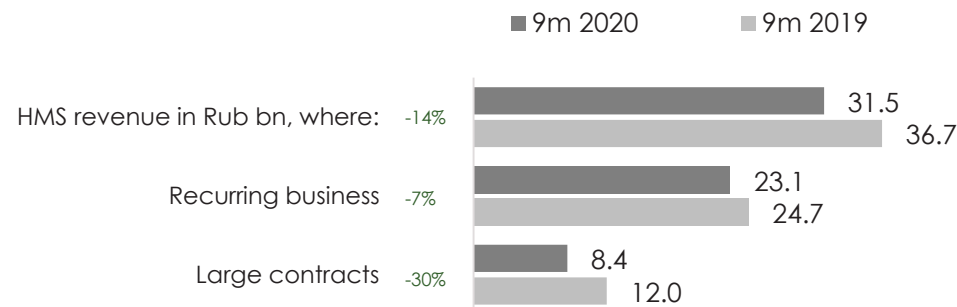


The largest share of revenue, generated by a large contract, does not exceed 10%

10 largest projects generated only 25% of 9m 2020 revenue, thus HMS Group doesn't depend on the one only contract



HMS revenue was down due to both recurring business and large contracts





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

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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