

INVESTMENT THESIS

1 Attractive market fundamentals with a developed oil and gas sector, playing a crucial role in the emerging Russian economy

As western economies stagnate, Russia becomes a particularly attractive emerging market, with the oil and gas sector playing a crucial role for the whole economy. Russian oil and gas majors are incentivized to invest in the development of the oil and gas infrastructure and have secured a large Capex for the coming years. This allows us to benefit from the long-term growth drivers in their industries.

2 Leading market positions in almost all segments where we are presented

The largest installed base in Russia supports a stable and resilient flow of orders for the replacement, upgrading, modernisation and maintenance of operating equipment, while advanced R&D capabilities allow us to offer customers high value-added integrated solutions, which are associated with higher margin, large contracts and offer aftermarket opportunities.

3 Unique R&D base gives us the ability to provide high-margin integrated solutions

One of our core strengths is a strong focus on R&D is our core advantage, which allows us to provide complex integrated solutions. HMS Group combines leading pump R&D centers, including design centers and research institutes at production facilities, independent research and development centers at our HQ and in the production regions of Russia and the CIS, as well as a center for innovative technologies complying with API standards in Germany.

4 Well-established customer base and strong relations with Russian oil & gas majors and power companies

Well-diversified client base of more than 6,000 customers, including numerous subsidiaries of Russia's largest oil and gas and energy companies.

5 History of resilient financial growth

Founded in 1993 as a pump trading and servicing company, HMS has grown organically and by pursuing an active M&A policy that has seen the successful completion of over 20 acquisitions aimed at either adding products to the portfolio or expanding into adjacent business areas. As part of this strategy, since 2003, HMS Group has consolidated a number of leading pumps and equipment manufacturers in the former Soviet Union and formed a leading industrial group with an annual revenue in 2013 of Rub 32.7 bn. In 2012, we added a compressor business arm and acquired a German manufacturer of specialised pumps for oil refineries, power and offshore applications.

6 Dedicated management team comprised of founders and

shareholders

HMS Group's growth is driven by a strong management team with a proven track record that has demonstrated its ability to deliver organic growth and make value-added acquisitions. The management team includes the founders of the Group, with HMS being a core business for its largest shareholders.

7 Attractive dividend policy

According to our policy, not less than 25% of profit for the year in accordance with IFRS is distributed for dividends among our shareholders.