

# PROGRESS

## on the delivery of strategic priorities of the Company

Strategic priorities	Achievements in 2018	Goals for 2019	Risks for the Strategy
<b>Improvement of the project portfolio profitability</b> <ul style="list-style-type: none"> <li>▶ Building a portfolio of projects focused on high-margin segments and projects.</li> <li>▶ Cutting low-margin positions.</li> </ul>	<ul style="list-style-type: none"> <li>▶ The Company still adheres to a new approach to building a portfolio of projects.</li> <li>▶ High diversification of the project portfolio is used.</li> <li>▶ Net profit for 2018 increased by 2.1 times to RUB 293,1 mln.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Expansion of the geographical spread of orders.</li> <li>▶ Market launch of new profitable products.</li> <li>▶ Intensification of export supplies, primarily process equipment for the oil and gas industry.</li> <li>▶ Further increase in net profit</li> </ul>	<ul style="list-style-type: none"> <li>▶ Project risks.</li> <li>▶ Logistics risks.</li> <li>▶ Price, currency, and inflation risks.</li> </ul>
<b>Strengthening leadership through organic growth</b> <ul style="list-style-type: none"> <li>▶ Expansion of the network of engineering centres.</li> <li>▶ Launch of new products.</li> <li>▶ Expansion of sales network, entry to the global markets for the provision of integrated services.</li> <li>▶ Further development of in-house R&amp;D potential.</li> </ul>	<ul style="list-style-type: none"> <li>▶ In 2017, three engineering centres were opened (including in Russia - in the cities of Lipetsk, Tyumen, and Nefteyugansk).</li> <li>▶ The Company has stepped up efforts to find new business opportunities in the Republic of Azerbaijan, in the Kingdom of Morocco.</li> <li>▶ New product groups were launched in all areas of the Company's activities.</li> <li>▶ The Company's R&amp;D investments in 2018 approximated RUB 165 mln (more than fivefold increase)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Opening of new engineering centres; Target-2021 remains the same: to increase the number of centres up to 23.</li> <li>▶ Further expansion of the product range due to our own production base and supply of both engineering and process equipment.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Liquidity risk.</li> <li>▶ Country and political risks.</li> <li>▶ Personnel risks</li> </ul>
<b>Participation in the import substitution programme</b> <ul style="list-style-type: none"> <li>▶ Development of in-house production and scientific potential.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Leader of Import Substitution - in June 2018, the Company's successes were recognised as part of the "Competitive Sales Leader" award: a victory was won among 450 domestic suppliers of various industries.</li> <li>▶ Throughout the year, the Company successfully competed with foreign producers, including outside the Russian Federation.</li> <li>▶ The share of exports in the revenue structure by the end of the year reached 11%.</li> </ul>	<ul style="list-style-type: none"> <li>▶ The Company plans to increase participation in the import substitution programme by offering a wider range of services and solutions, mostly pertaining to process equipment.</li> <li>▶ The target remains the same: to increase the share of exports up to 15–20% by 2021</li> </ul>	<ul style="list-style-type: none"> <li>▶ Liquidity risk.</li> <li>▶ Compliance risks.</li> <li>▶ Project risks</li> </ul>

Strategic priorities	Achievements in 2018	Goals for 2019	Risks for the Strategy
<p><b>Maximisation of profitability for shareholders</b></p> <ul style="list-style-type: none"> <li>▶ Sustainable growth through a rational approach to the development of capital costs and high-margin projects.</li> <li>▶ Development through internal financing without borrowed funds.</li> <li>▶ Distribution of the Company's revenues among shareholders through dividends.</li> </ul>	<ul style="list-style-type: none"> <li>▶ During the successful IPO, the Company raised additional funds, which is used to implement Strategy-2021.</li> <li>▶ The Company adheres to the principles of financial policy – growth through internal financing.</li> <li>▶ The Company is guided by the Dividend Policy adopted in September 2017.</li> <li>▶ The first dividend payments in the amount of RUB 91.8 mln were made in 2018 from the net profit earned by the Company in 2017 (which amounted to 68.1% and 21.5% of the net profit of the Group of Companies according to international financial reporting standards and Russian accounting standards, respectively). Dividends of 2017 were determined in the amount of RUB 0.15 per ordinary share of the Company (before dividend income tax)</li> </ul>	<ul style="list-style-type: none"> <li>▶ A balanced financial policy.</li> <li>▶ At the end of 2018, the Company intends to allocate at least 20% of net profit to dividends according to international financial reporting standards, in line with the adopted Dividend Policy</li> </ul>	<ul style="list-style-type: none"> <li>▶ Project risks.</li> <li>▶ Liquidity risk.</li> <li>▶ Country and political risks</li> </ul>
<p><b>Constant attention to corporate governance</b></p> <ul style="list-style-type: none"> <li>▶ Compliance of the Company's activities with mandatory standards of corporate governance and disclosure of information.</li> <li>▶ Constant work to improve corporate governance and upgrade the quality of information disclosure.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Two independent directors are actively working at the Board of Directors of the Company.</li> <li>▶ The Regulation on the General Meeting of Shareholders was approved.</li> <li>▶ A new version of the Regulations on the Company's Board of Directors was approved.</li> <li>▶ A new version of the Company's Charter was approved.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Improvement of the corporate governance system, commitment to comply with the standards and to correspond to the best practices of Russian issuers.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Compliance risks.</li> <li>▶ Country and political risks</li> </ul>
<p><b>Maintenance of high standards of the quality of work performed and strict compliance with the terms of licenses, permits, and available admissions</b></p> <ul style="list-style-type: none"> <li>▶ Building an effective system to monitor the compliance with the terms of license agreements, permits, admissions, and requirements of Russian standards</li> </ul>	<ul style="list-style-type: none"> <li>▶ During the reporting year, the Company's pool of licences and certificates was expanded, there was no violation of license agreements, permits, and available admissions</li> </ul>	<ul style="list-style-type: none"> <li>▶ The Company intends to closely monitor compliance with existing licensing agreements, permits, and admissions.</li> <li>▶ In 2019, the Company plans to obtain new certification and licenses</li> </ul>	<ul style="list-style-type: none"> <li>▶ Compliance risks.</li> <li>▶ Personnel risks</li> </ul>