15 March 2021

Media Release

SCF Group net profit increased by over eighteen per cent in 2020 underpinned by continuing growth of industrial business segments

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15 March 2021, Moscow, Russia: PAO Sovcomflot (SCF Group, the Company; MOEX: FLOT), a global leader in marine energy transportation services, releases its Consolidated Financial Statements for the period ending 31 December 2020.

FINANCIAL HIGHLIGHTS

- For 12 months ending 31 December 2020, SCF Group's time-charter equivalent (TCE) revenue rose by 6.7 per cent year to year to USD 1,350.6 mln. EBITDA was up 9.8 per cent to USD 903.4 mln. EBITDA margin improved 1.9 pp to 66.9 per cent. Net profit increased by 18.4 per cent to USD 266.9 mln. Positive trend was driven by continued growth of the industrial business segments, as well as a strong performance of the conventional tanker fleet in the first half of the year.
- SCF Group's **industrial business** portfolio, comprising of gas transportation (LNG and LPG vessels) and harsh environment offshore services (shuttle tankers and ice-breaking supply vessels) accounted for a half of SCF Group TCE revenue in 2020 and continues to provide a long-term fixed income revenue stream.
  - Industrial business segments contributed USD 681.1 mln to 12M 2020 TCE revenue and USD 179.8 mln to Q4 2020, delivering 6.6 per cent YoY growth and a 4.1 per cent increase compared to Q4 2019. Gas transportation business grew with the addition of two new LNG carriers employed in February and September 2020 under long-term contracts with energy majors Shell and Total.
  - 12M 2020 NEVT (Net Earnings from Vessels' Trading[i]) in the industrial business segment grew by 5.4 per cent to USD 545.4 mln and NEVT margin remained at 80 per cent. In Q4 2020 NEVT increased to USD 141.9 mln, up 5.4 per cent YoY and 18.3 per cent QoQ.
  - As at 31 December 2020, the contract backlog[ii] has rose to USD 24 bn compared with USD 10 bn as at 31 December 2019.
- SCF Group's **conventional tanker business** (crude and oil products transportation business segments) contributed 50% to 2020 TCE revenue :
  - 12M 2020 conventional tanker business increased by 9.9 per cent to USD 626.4 mln on the back of strong freight market dynamics in the first half of 2020. In the third quarter of 2020 the market started to decline due to seasonality and COVID-19 pandemic-driven impact on demand for oil and oil products.
  - Q4 2020 performance of the conventional tanker business came under strong negative pressure which resulted in a revenue decline of 53.0 per cent YoY and 22.2 per cent QoQ to USD 95.4 mln reflecting not only the

continued negative impact of the Covid-19 pandemic on tanker freight market dynamics but also the strong performance in Q4 2019.

- Amidst tanker freight market volatility SCF continues to apply a balanced chartering policy to provide resilience through the freight cycle. Entering Q4 2020, time-charter contract coverage of the Group's conventional tanker fleet was increased to about 62 per cent of total segment revenue.
- 12M2020 NEVT in conventional tanker business reached USD 414.4 mln, up 15.9 per cent YoY with NEVT margin at 66 per cent.

OPERATIONAL UPDATE

INDUSTRIAL BUSINESS

SCF Group continued to grow its long-term industrial business portfolio, comprising of gas transportation (LNG and LPG vessels) and harsh environment offshore services (shuttle tankers and ice-breaking supply vessels) with focus on implementation of most advanced "green" technologies. SCF added two vessels to its fleet over the course of 2020 and operated a fleet of 44 industrial vessels as of 31 December 2020.

As at 31 December 2020, the contract backlog has reached USD 24 bn compared with USD 10 bn as at 31 December 2019.

During 2020, the Group focused strongly on growing its gas transportation business which was reflected in a healthy portfolio of new contracts:

- Over 2020, SCF Group has, either directly or through its 50 per cent owned SMART LNG JV with NOVATEK, concluded time charter contracts for 17 icebreaking ARC7 LNG carriers for the Arctic LNG 2 Project. 14 of these vessels' contracts were structured through SMART LNG and a further 3 independently by SCF. Combined, these 17 time charters add approximately USD 14 bn tothe contract backlog attributable to SCF Group.
- In February and September 2020, SCF Group took delivery of two next-generation 174,000-cbm Atlanticmax LNG carriers, *SCF La Perouse* and *SCF Barents,* both chartered to energy majors, Total and Shell, under long-term time-charter contracts. The third sister ship, *SCF Timmerman*, which is chartered also to Shell, was delivered and began its operations in January 2021. This series incorporate the latest technologies in terms of safety, environmental protection, and energy efficiency, with their fuel consumption substantially reduced compared to the preceding generations of LNG carriers.

After reporting date events:

- In January 2021, SCF and Total concluded a long-term time charter agreement for a newbuilding 174,000-cbm Atlanticmax LNG carrier with options for up to a further two vessels. The new LNG carrier will be the latest in a series of three sister ships (*SCF Timmerman, SCF Barents* and *SCF La Perouse*) previously delivered to SCF in 2020-2021 and employed under comparable contract terms. Delivery of the vessel is scheduled for Q3 2023.
- Unique voyage of SCF's LNG carrier *Christophe de Margerie* expanded the navigation window in the eastern part of the Russian Arctic. In January-February 2021, SCF's LNG carrier *Christophe de Margerie* completed a round voyage between Sabetta (Ruissia) and Jiangsu (China) using the Northern Sea Route ("NSR"). For the first time in history, a large-capacity cargo vessel crossed the

eastern sector of the NSR in February (transit navigation along this segment traditionally ends in November and only resumes again in July).

CONVENTIONAL TANKER BUSINESS

The tanker markets have been volatile through the year reflecting oil price dynamics and fundamental oil supply/demand factors. After reaching record highs in the first half of 2020, the tanker markets came under pressure in Q3 2020 as a result of low oil consumption in the Northern hemisphere. In addition, this seasonal downswing was further amplified by a slowdown in demand for oil products on the back of the COVID-19 pandemic, coupled with producers simultaneously cutting oil supply to support prices. Spot tanker freight weakness persisted into Q4 2020.

With the tanker newbuilding order book remaining at historic lows management considers the conventional tanker sector to be well positioned for earnings recovery and that freight rates will respond positively to any increase in the refining output of oil products and the return of crude production and shipping volumes to pre-pandemic levels.

CAPITAL AND FINANCING

IPO UPDATE

In October 2020, SCF Group conducted an initial public offering of 408,296,691 newly issued ordinary shares of a nominal value of RUB 1 each, at a price of RUB 105 per ordinary share and listed them on the Moscow Exchange (ticker: FLOT). The total net proceeds of the IPO, after expenses and stabilisation-related buy-back, are RUB 38 bn (equivalent to USD 480 mln as of the date of issue). The free float of SCF Group shares amounts to 15.6 per cent, and the Russian Federation retains an 82.8 per cent stake. The proceeds of the IPO are being utilised for investments in new assets, with a focus on industrial projects, decarbonisation and further deleveraging.

LIQUIDITY MANAGEMENT

In November 2020, the Group refinanced maturing loan obligations of USD 67.3 mln with existing lenders, and further raised a USD 155.0 mln, up to eight years project finance facility, for its JV companies with equity partners NYK and Samudera, established to own and operate two LNG carriers, servicing BP-led Tangguh LNG project in Indonesia.

Two loan agreements were signed in November and December 2020 for refinancing existing loans for 9 LR vessels in joint ownership with Glencore, with total amount of USD 207.3 mln.

SCF credit ratings were affirmed in May-July 2020 at their current levels by Fitch Ratings (BB+/stable), by Moody’s (Ba1/stable), and by S&P (BB+/positive (rating outlook changed from stable).

DIVIDEND GUIDANCE

Dividends for the 2019 year of RUB 7,181.0 mln (equivalent to USD 96.8 mln), were declared and paid in August 2020.

SCF targets paying annual dividends of 50 per cent of its IFRS net profit, and, reflecting on the strong tanker market performance in first half 2020, reconfirms its dividend guidance for the year ended 31 December 2020 of USD 225 mln, subject to the Board of Directors and shareholders' approval.

Commenting on the 12M 2020 results, **Igor Tonkovidov**, President and CEO of SCF Group, said:

"2020 proved to be a challenging year without precedence for the shipping industry in terms of operational restrictions. The COVID-19 pandemic has changed sanitary rules and closed borders in many areas of our fleet's operation but we have met these challenges and we have sustained the efficiency of fleet operations and provided uninterrupted services to our customers. We are grateful to our crews and shore personnel, whose health and safety was our prime focus."

"With swings in global oil demand causing extreme volatility across energy markets, SCF Group has demonstrated resilience to such turbulence and has produced further increase in its key operational and financial metrics."

"SCF Group continues to implement SCF-2025 strategy and with the proceeds from the recent IPO will grow further focusing on higher value-added segments, "green" technologies and advanced engineering solutions."

Nikolay Kolesnikov, CFO of SCF Group added:

"*In 2020 SCF Group demonstrated strong financial performance achieving a Company record EBITDA of USD 903.4 mln. October 2020 marked an important milestone in SCF history as the Company accessed public equity capital markets and raised over USD 500 mln in a landmark IPO with its shares now listed on the Moscow Exchange. The recapitalization resulted in a strengthening the balance sheet and the financial position of the Group, with net debt to EBITDA ratio falling to 2.6 times. The Company has sufficient investment capacity to undertake large scale projects and to pursue further growth in its core strategic segments.*"

CONFERENCE CALL DETAILS

The Company plans to host a presentation via a webcast on Monday, 15 March 2021 at 4:00 pm (Moscow) / 1:00 PM (London) / 9:00 AM (New York) to discuss its results for 12M and Q4 2020.

Dial in numbers:
Russia: +7 495 228 4392 (Local access)
UK: +44 (0)207 660 8149 (Local access)
US: +1 650 215 5226 (Local access)
Meeting number (access code): 183 300 5652
Meeting password (case-sensitive): Sovcomflot
Webcast link:
https://scf.webex.com/scf/j.php?MTID=m9792da44d6e38ee0dbaaa71f41e48095
Microsoft Lync or Microsoft Skype for Business: 1833005652@scf.webex.com

An accompanying presentation for the conference call and the webcast replay will be available on our web site http://www.sovcomflot.ru/en/investors/

FINANCIAL HIGHLIGHTS

USD mln	12M 2020	12M 2019	%
Revenue	1 652.5	1 665.2	-0.8
Time charter equivalent (TCE) revenues	**1 350.6**	**1 265.5**	**6.7**
Vessels' running costs	-366.9	-356.3	3.0
Net earnings from vessels trading	**983.7**	**909.2**	**8.2**
Net other operating revenue	9.2	25.2	-63.4
Depreciation, amortization and impairment	-421.3	-411.8	2.3
General and administrative expenses	-90.7	-108.0	-16.0
Operating profit	**491.4**	**436.4**	**12.6**
Financing costs	-190.5	-206.2	-7.6
Profit before income taxes	**295.5**	**254.4**	**16.1**
Income tax expense	-28.6	-29.0	-1.4
Profit/loss for the period	**266.9**	**225.4**	**18.4**
EBITDA*	**903.4**	**823.0**	**9.8**
Debt	3 272.2	3 499.5	-6.5
Cash and deposits	880.2	417.2	111.0
Book value of equity	4 098.4	3 504.6	16.9
Net debt**	2 392.0	3 082.3	-22.4
Net debt/ EBITDA	2.6	3.7	

** Earnings before interest, tax, depreciation and amortisation, calculated on the corrected basis.*
*** Net debt includes total secured bank loans, other loans and finance lease liabilities after deducting cash and bank deposits and restricted cash.*

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About SCF Group

Sovcomflot (SCF Group) is one of the world's leading marine energy transportation companies, specialising in the transportation of liquefied gas, crude oil, and petroleum products, as well as the servicing of offshore upstream energy production. The Group's fleet comprises 145 vessels with a total deadweight of 12.6 million tonnes, including vessels owned through joint ventures. More than 80 vessels have an ice class.

SCF is involved in servicing large oil and gas projects in Russia and around the world: Sakhalin-1; Sakhalin-2; Varandey; Prirazlomnoye; Novy Port; Yamal LNG, and Tangguh (Indonesia). The Group is headquartered in St. Petersburg, with offices in Moscow, Novorossiysk, Murmansk, Vladivostok, Yuzhno-Sakhalinsk, London, Limassol, and Dubai.

Certain statements in the Materials may constitute forward-looking statements. Any statements that address expectations or projections about the future, including statements about operating performance, market position, industry trends, general economic conditions, expected expenditures and financial results, are forward-looking statements. Forward-looking statements may be identified by words like "expects", "anticipates", "plans", "intends", "projects", "indicates" and similar expressions. Any statements contained herein that are not statements of historical fact are forward-looking statements. Such statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Accordingly, actual results or the performance of the Company or its subsidiaries may differ significantly, positively or negatively, from forward-looking statements made herein.

The Materials contain certain non-IFRS financial measures. These measures have been calculated using the financial information of the Company group but are not defined or detailed in the applicable financial information framework or under IFRS. Information needed to reconcile such non-IFRS financial measures to the most directly comparable measures under the IFRS can be found in the Company's Presentation on the same matter, which is posted on Company's web site. The Company uses these measures when planning, monitoring and evaluating its performance. The Company considers these measures to be useful metrics for management and investors to facilitate operating performance comparisons from period to period. Whilst the Company believes these measures are useful in evaluating its business, this information should be considered as supplemental in nature and is not meant as a substitute for IFRS measures.

[i] NEVT (Net Earnings from Vessels' Trading) calculated as time charter equivalent revenue less vessels' running costs and charter hire payments or company's EBITDA before distribution of SGA expenses.

ii Contract backlog - is the total amount receivable by the Group under the Group's currently outstanding time-charter agreements, including arising from the Group's share in the joint ventures. It is presented for the total term of such agreements, in each case excluding extension options. It is based on the applicable time-charter-equivalent rate and management's estimate of the total trading days in the period for which it is presented (calculated as the total number of days for which the vessel is in possession of the owner less any scheduled or unscheduled maintenance or repairs during such period). The calculation of contract backlog (an operational measure) involves management judgment, and is subject to a number of risks and uncertainties.