

**SCF**

Safety Comes First®



**PAO Sovcomflot  
Gas Transportation Business  
Update on Recent Developments**

21 January 2021

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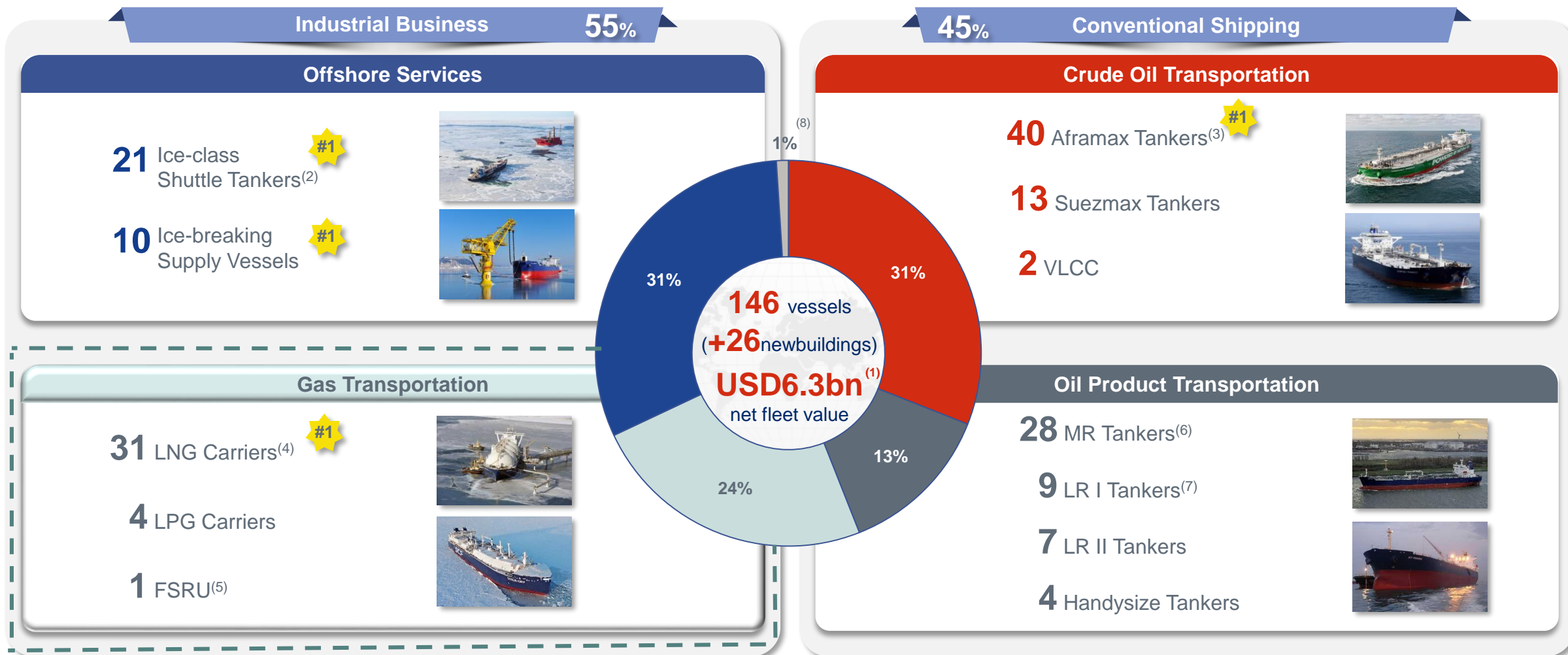
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# Gas Transportation– Growing Segment in SCF Portfolio



# Global ranking

**Further growth of LNG business is a crucial part of SCF 2025 strategy**

Source: Company data, Clarksons Research (December 2020).

Note: Number of vessels includes fully owned vessels, vessels owned through JVs, chartered in vessels and newbuilds as of 14 January 2021. The donut chart indicates % fleet net carrying value contribution. (1) Net book value as of 30 September 2020, for fleet excluding JVs. (2) Includes 2 newbuilds. (3) Includes 2 newbuilds. (4) Includes 4 vessels owned via JV and 19 newbuilds (14 through JV and 5 own); the ranking takes into account ice-class vessels only. (5) SCF has a technical management contract for Marshal Vasilevsky, the floating storage and regasification unit of Gazprom. (6) Includes 3 newbuilds. (7) Includes 9 vessels owned via JV (8) 1% of total net carrying value is related to other marine services segment which operates three vessels not included in Industrial or Conventional businesses.

# Strong Competitive Advantages to Capitalise on Growing LNG Demand

## World's Largest Ice-class Fleet

#1 Ice-class LNG Carriers<sup>(1)</sup>



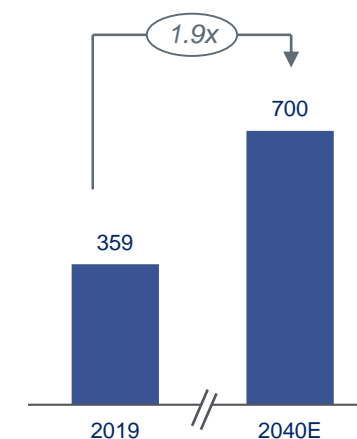
## Key clients



## Opportunities to Benefit from Growing LNG Demand

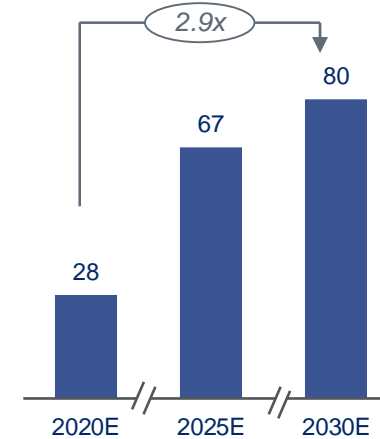
### Global LNG Demand Forecast

m tpa



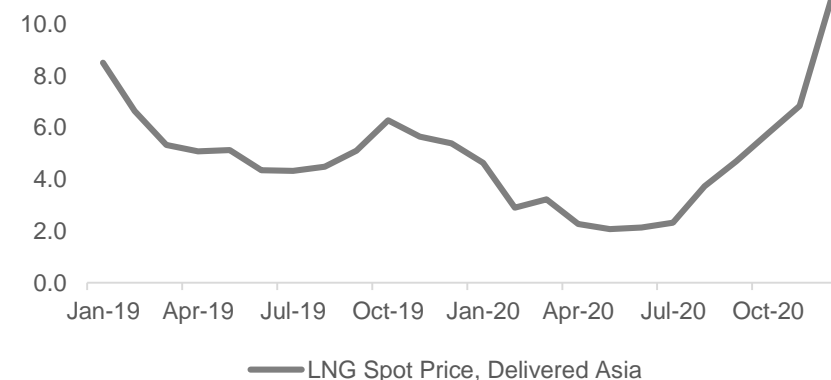
### Russia LNG Capacity<sup>(2)</sup>

m tpa



### Reflected in Growing LNG Spot Prices<sup>(3)</sup>

USD/mbtu



## High Barriers to Entry

- Unrivalled expertise in **extreme weather conditions**
- **Leading ice-class training programme** with high standard pre-qualification and **access to qualified seafarers**
- **Special LNG vessels** are custom-designed and are the most expensive among cargo ships

## Unique expertise of LNG transportation in extreme weather conditions

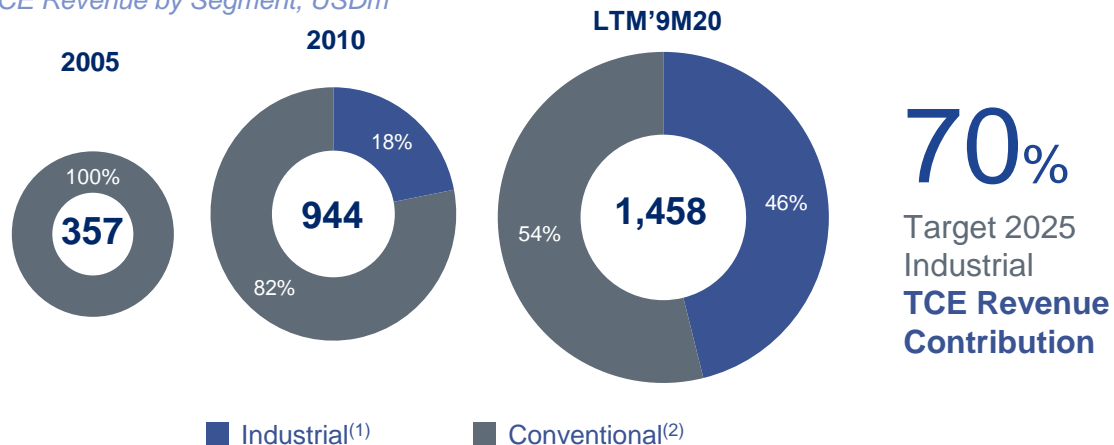
Source: Company data, Clarksons Research (December 2020), public sources.

Note: (1) As of 31 December 2020 by number of vessels; includes orderbook as per Clarksons Research estimates. Sovcomflot's number of vessels and orderbook as per Company data. (2) Projects include all existing liquefaction plants, projects under construction, projects in FEED (Front-end engineering design) process underway as well as other proposed projects, incl. Obsskiy LNG, Sakhalin 2 LNG (Train 3) and Vladivostok LNG. Estimated project start dates may be delayed or cancelled. Public disclosure of Novatek, Shell, Gazprom and Rosneft. (3) Clarksons

# Focus on Higher Value-added LNG and Upstream Services to Deliver Predictable and Steady Cash Flows

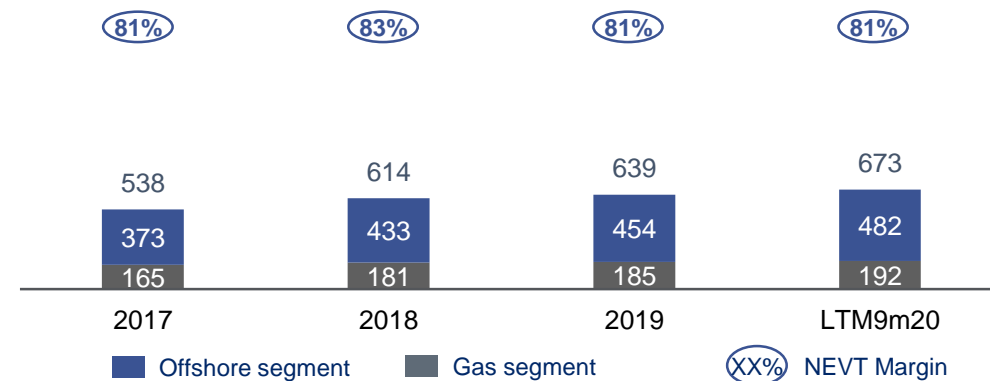
## Increasing Long-term Contract Cover

TCE Revenue by Segment, USDm



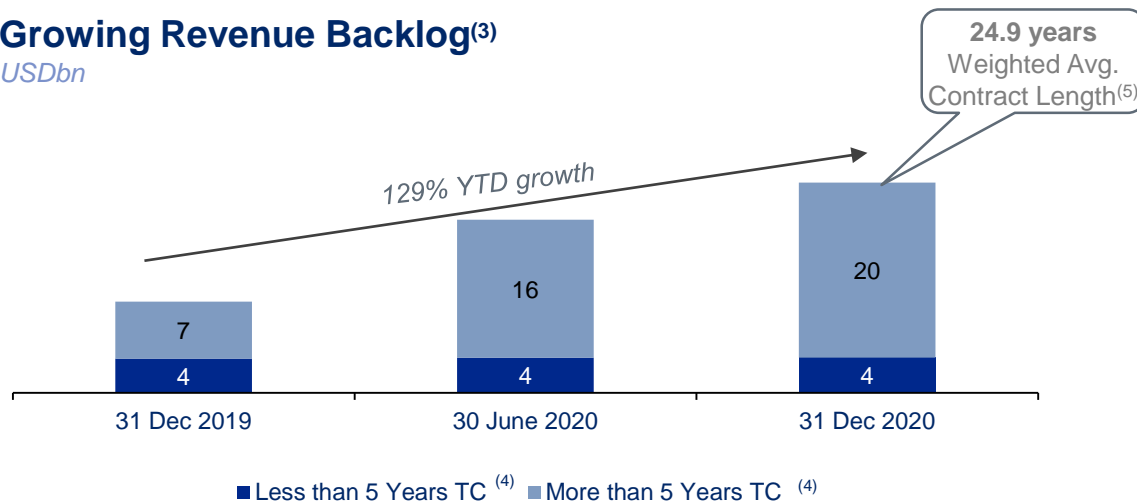
## Focus on Growing Contribution of Higher Margin Industrial Business

TCE Revenue, USDm



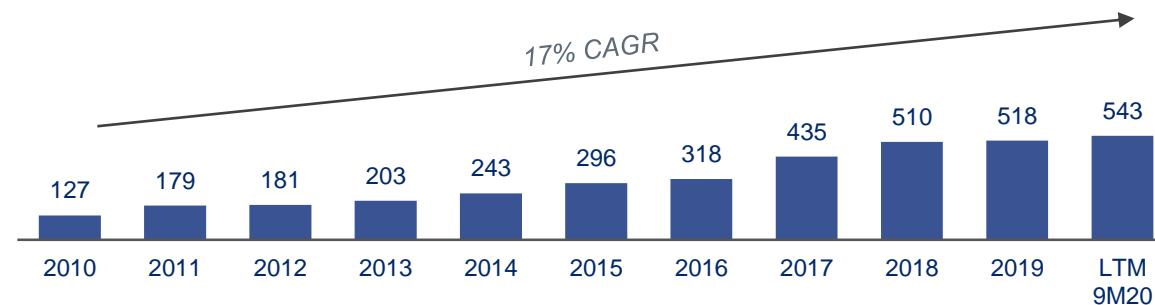
## Growing Revenue Backlog<sup>(3)</sup>

USDbn



## Steady Build-up of Industrial Projects' Earnings

Net Earnings from Vessels' Trading from Industrial Segment<sup>(1)</sup>, US\$m



Continue to increase exposure to long-term contracted gas transportation and offshore services

Source: Company data, Clarksons Research (July 2020).

Note: (1) Includes Offshore and Gas. (2) Includes Crude Oil, Oil Product and Other (3) Time charter (4) Time charter (5) Based on time charter contracts (including JVs).

# Liquefied Gas Transportation Business – on Time Fleet Additions

**SCF Timmerman LNG carrier delivered in January 2021**  
**SCF Barents LNG carrier delivered in September 2020**

**SCF La Perouse LNG carrier delivered in February 2020**



**Vessel Type:** Atlanticmax LNG carrier  
**Capacity:** 174,000 cbm  
**Engine:** Dual-fuel X-DF  
**Year Built:** 2020-2021  
**Shipyard:** HHI



- In February 2020, SCF Group added to its fleet *SCF La Perouse* - a new-generation Atlanticmax LNG carrier (174,000 cbm). The vessel features a slow-speed dual-fuel X-DF engine and gas boil-off partial liquefaction system and is chartered to Total under a long-term time-charter.
- In September 2020, SCF Group took delivery of *SCF Barents*, a new 174,000 cbm LNG carrier (sister-vessel to *SCF La Perouse*). *SCF Barents* is chartered to Shell under a long-term time-charter agreement.
- In January 2021, *SCF Timmerman* LNG carrier, a sister vessel to early delivered *SCF La Perouse* and *SCF Barents*, became a part of SCF fleet. A vessel is chartered to Shell under a long-term agreement.

**Gas segment revenue growth to be supported by new fleet additions with a c. USD 0.5 bn contribution to contract backlog**

# Liquefied Gas Transportation Business – New Contract with Total

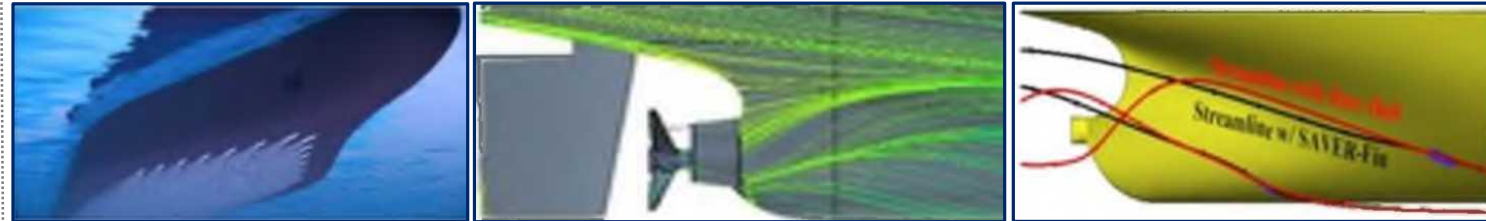
## Recent additions to the portfolio

- In January 2021, SCF and Total concluded a time charter agreement supporting the construction and subsequent operation by SCF of a new 174,000-cbm Atlanticmax LNG carrier.
- Total has an option of up to two similar vessels.
- A new Atlanticmax vessel will be a similar ship to previously delivered three sister vessels (*SCF Timmerman*, *SCF Barents* and *SCF La Perouse*) under comparable contract terms.
- The delivery of the LNG carrier to the Charterer is scheduled for the third quarter of 2023.



## Use of safe, innovative and environmental friendly technologies

- **X-DF propulsion system**, operated by a slow-speed diesel engine with a direct drive to the propellers.
- **Reliquefaction Plant** - boil-off gas partial re-liquefaction system allows boil-off gas to be returned to cargo tanks instead of being burned (thermal oxidation process) in the gas combustion unit.
- **Air-lubrication system** - technology provides fuel and CO2 emissions savings by reducing hull friction.
- **Propulsion Improving Device** - improves propeller efficiency by establishing more uniform inflow into propeller.



**Up to 35% fuel consumption reduction, when compared with previous generations of LNG carriers.**

**SCF added a new contract to its LNG portfolio. Newbuilding vessel will be built using most advanced technological solutions.**

# Liquefied Gas Transportation Business - Yamal LNG project

## Expanding Transit Window through the Russian Arctic



- On 16 January 2021 SCF's LNG carrier *Christophe de Margerie* completed her eastbound voyage carrying a cargo of LNG along the Northern Sea Route ("NSR"), for Yamal LNG, from the Port of Sabetta in the Russian Arctic to the Asia Pacific market.
- For the first time ever, Russian LNG has been transported across this route in January, a month later than before.
- *Christophe de Margerie* navigated the entire length of the NSR independently without icebreaker assistance.
- With her double action hull design, the vessel sailed stern-first for about 66 per cent of the steaming time, to overcome the ice hummocks.
- A trip lasted 10 days 21 hours, during which time the vessel covered 2,474 nautical miles. The average voyage speed was 9.5 knots.

**SCF continues the longstanding efforts to develop large-capacity cargo shipping along the Northern Sea Route**



# Liquefied Gas Transportation Business - Yamal LNG project Expanding transit Window through the Russian Arctic

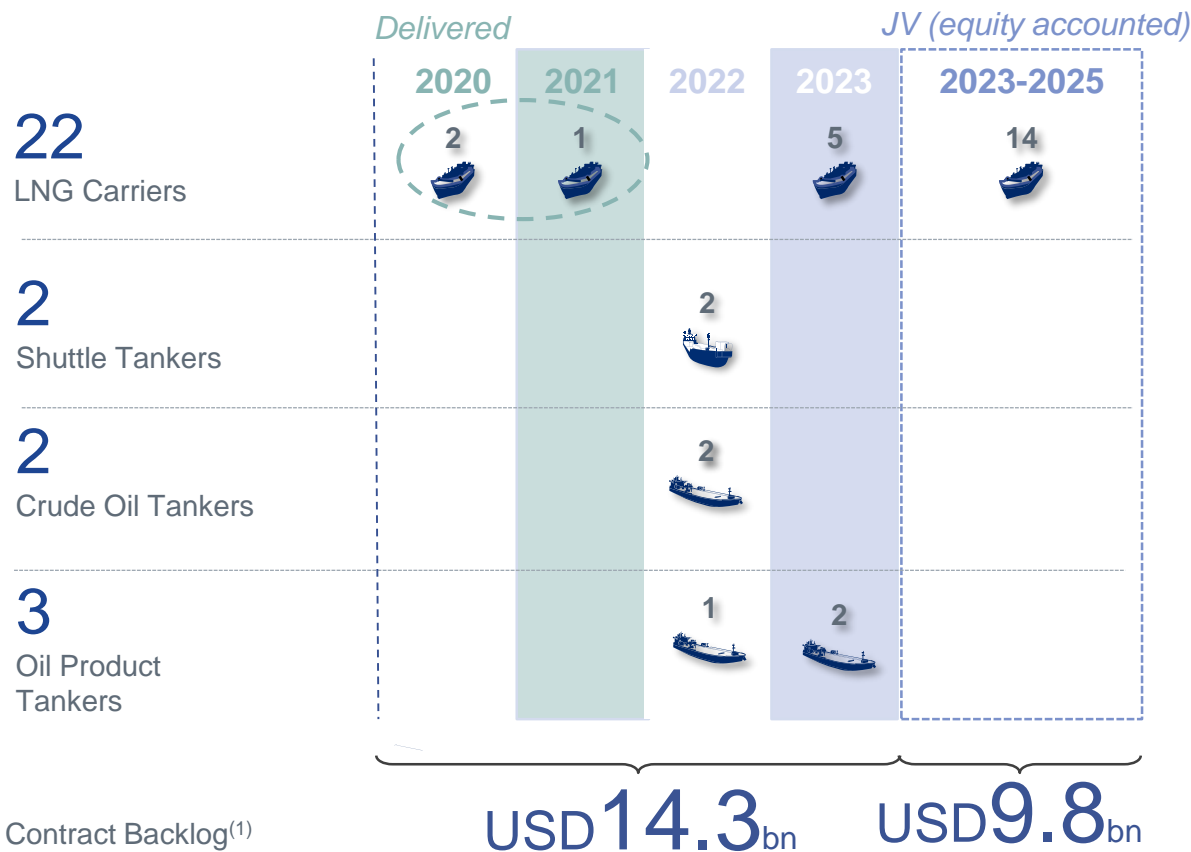
*Ice Conditions– East Siberian Sea*



SCF continues to develop unrivalled expertise in extreme weather conditions

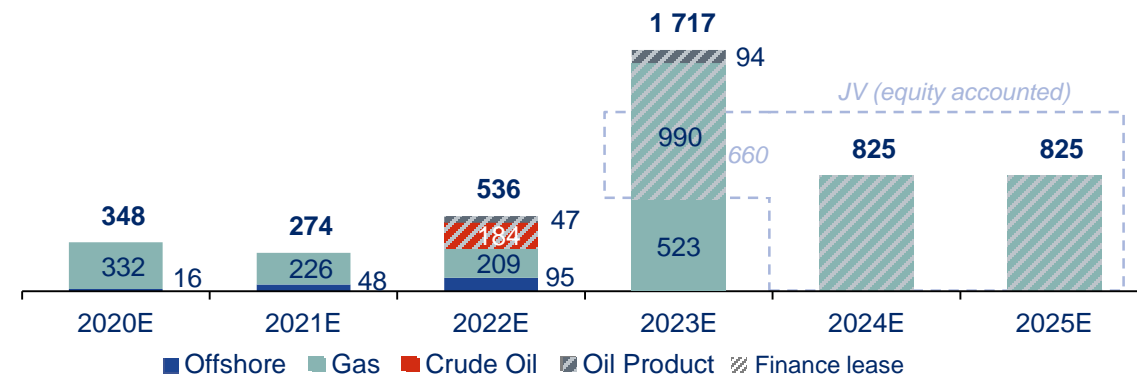
# SCF Growth Pipeline from Contracted Newbuildings

## Contracted and Recently Delivered Newbuilds



## Contracted CAPEX Payments to the Shipyards for 2020E-2023E

USDmn



## Investment Highlights

- Total on balance sheet capital expenditures for newbuildings - USD 1,449 mln
- Additional USD 655 mln of lease financed newbuildings
- Equity accounted JV's capital expenditures for newbuildings of USD 2,310 mln (SCF's share) are fully lease financed

**SCF is well positioned to continue its sustainable growth with specific focus on LNG transportation services**

Source: PAO Sovcomflot IFRS financials for 2016-2019, 9 months 2019-9 months 2020.

Notes: \* out of USD 348 mn USD 210 mn has been already paid in 9 months 2020 (1) Contract backlog, as of any date, is the total amount receivable by the Group under the Group's currently outstanding time-charter agreements as of such date, including arising from the Group's share in the joint ventures. It is presented either for a specified period or for the total term of such agreements, in each case excluding extension options.

# THANK YOU



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