

Income statement

Key income statement indicators, (US\$ million)

Indicator	2020	2019	Change, %
Revenue	1,652.5	1,665.2	-0.8
TCE revenue	1,350.6	1,265.5	6.7
Operating expenses	-366.9	-356.3	3.0
Earnings from vessels' trading	983.7	909.2	8.2
Net other operating income ³	9.2	25.2	-63.4
Depreciation, amortisation and impairment	-421.3	-411.8	2.3
General and administrative expenses	-90.7	-108.0	-16.0
EBITDA	903.4	823.0	9.8
EBITDA margin, %	66.9	65.0	1.9
Operating profit	491.4	436.4	12.6
Operating margin, %	29.7	26.2	3.5
Financing costs	-190.5	-206.2	-7.6
Profit before tax	295.5	254.4	16.1
Profit tax	-28.6	-29.0	-1.4
Net profit for the period	266.9	225.4	18.4
Net margin, %	16.1	13.5	2.6

The positive situation in the tanker market in the first half of 2020 and the growing industrial portfolio had a positive impact on the Group's operating results in 2020. In the reporting year SCF Group continued to implement consistently its industrial development strategy aimed at ex-panding the offshore and gas business segments.

TCE revenue in industrial segments (liquefied gas transportation and the servicing of offshore projects) for 2020 was US\$681.1 million, making it possible to increase the total TCE revenue by 6.6% compared to the previous year. The share of TCE revenue from industrial segments in 2020 reached 50% of the total TCE revenue. The key factor for the growth in revenue in industrial segments was the commissioning of two new LNG carriers chartered out under long-term contracts with international oil and gas companies Total and Shell in February and September 2020, respectively.

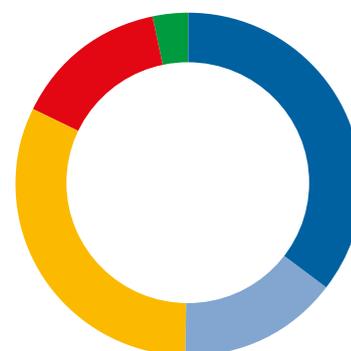
2020 TCE revenue in conventional segments increased by 9.9% compared to 2019 and amounted to US\$626.4 million¹. The increase in revenue was primarily due to the positive dynamics of freight rates in the first half of 2020. Beginning in the third quarter of 2020, there was a market correction due to seasonal factors and a decline in the demand for crude oil and oil products amid the COVID-19 pandemic. Despite market volatility, the Company continued to implement a balanced chartering policy that allowed it to maintain the stability of financial performance.

1,350.6

US\$ million

TCE revenue for 2020 (6.7 % higher than in 2019)

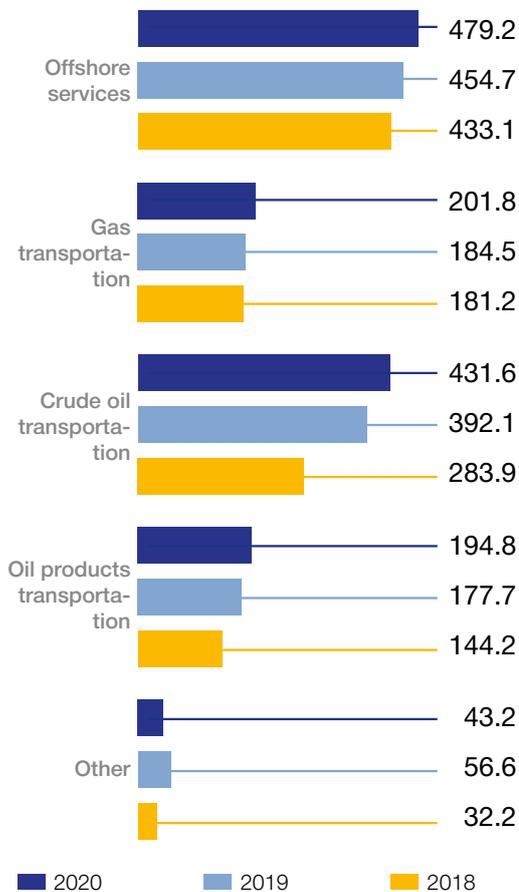
Structure of TCE revenue by business segments, (%)



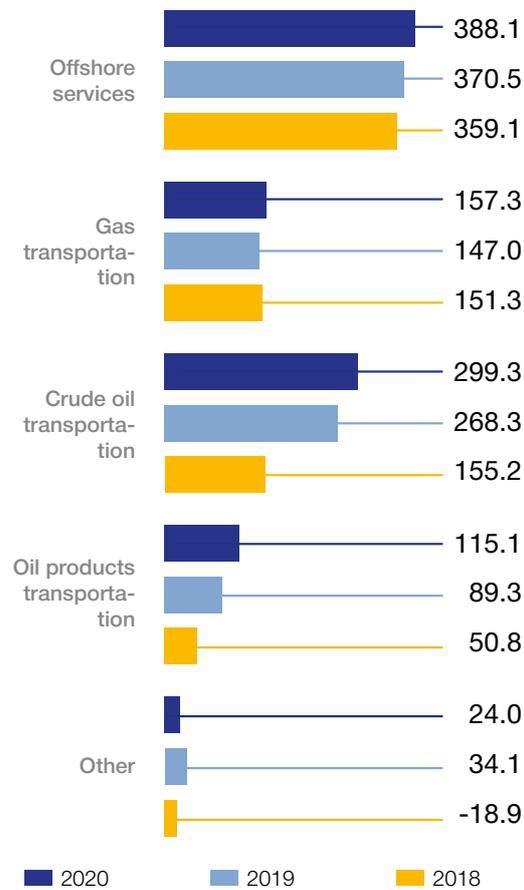
35.5 ■ Offshore services
 14.9 ■ Gas transportation
 32.0 ■ Crude oil transportation
 14.4 ■ Oil products transportation
 3.2 ■ Other

¹ Conventional segments include transportation of crude oil and oil products.

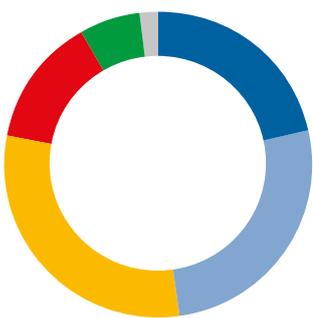
Dynamics of revenue on a TCE basis by business segments for 2018-2020, (US\$ million)¹



Dynamics of profit from vessels operation by business segments for 2018-2020, (US\$ million)²



Structure of the main expense items, (%)



21.6	Voyage expenses and commissions
26.3	Operating expenses
30.2	Depreciation, amortisation and impairment
13.6	Financing costs
6.5	General and administrative expenses
1.8	Other

The 24.5% reduction in voyage costs and commissions³ (to US\$301.9 million) in 2020

was due to a decline in bunker prices. In 2020 the level of operating costs increased by 3.0% to US\$366.9 million, in particular due to the commissioning of new vessels.

General and administrative expenses decreased by 16% to US\$90.7 million in 2020 as a result of the work done to optimize this cost item, as well as the weakening of the rouble against the US dollar during 2020.

EBITDA was up 9.8% year-on-year to US\$903.4 million. EBITDA margin improved by 1.9 bps to 66.9% due to the growth of conventional segment profitability.

Financial costs decreased by 7.6% compared to 2019 and amounted to US\$190.5 million. A decrease in the debt level and interest rates led to a reduction in this cost line.

Sovcomflot Group reported a net profit of US\$266.9 million for 2020, representing an 18.4% growth year-on-year.

903.4

US\$ million

EBITDA for 2020 (9.8% higher than in 2019 and a record high in SCF history)

¹. Breakdown into segments is made in accordance with IFRS reporting.

². Breakdown into segments is made in accordance with IFRS reporting.

³. TCE revenue is determined as the difference between revenue and voyage costs and commissions.