

Production activities

Composition of the fleet

Composition of the Sovcomflot Group fleet^{1,2}

Vessels by type	Number of vessels			Total deadweight, '000 tonnes		
	31/12/20	31/12/19	31/12/18	31/12/20	31/12/19	31/12/18
Crude oil tankers	53	56	53	6,999	7,424	7,006
Product tankers	45	45 ³	48	2,814	2,814	3,071
Shuttle tankers	19 ³	19	16	1,552	1,552	1,301
LNG and LPG carriers	15	13	13	1,073	887	870
Dry bulk carriers	2	2	2	149	149	150
Multifunctional icebreaking vessels	10	10	10	41	42	38
Seismic exploration vessels, chartered vessels	1	2	2	2	6	7
Total	145	147	144	12,630	12,874⁴	12,443

For more information about the fleet broken down by operating segment, see the [Company's profile](#) section of this Annual Report. Detailed information about the vessels and their technical characteristics is available on SCF Group's official website in the [List of vessels](#) section.

In 2020 the Company continued to add new vessels to its fleet in accordance with the adopted strategy and long-term development programme aimed at promoting growth and renewal of the fleet as well as its technological enhancement and improvements in energy efficiency. During the year the SCF Group fleet was augmented by two vessels delivered by shipyards under previously concluded shipbuilding contracts (for more details see the [Implementation of the shipbuilding programme](#) section of this Annual Report).

The Long-Term Development Programme of PAO Sovcomflot provides for timely disposal of older vessels, as dictated by market conditions and prescribed by conventions, registries, and other national and international requirements (those of the International Maritime Organisation, classification societies, and charterers). In 2020

Sovcomflot Group sold two Suezmax crude oil tankers and one Aframax tanker aged above 15 years each in the second-hand vessel market. One chartered vessel was redelivered to the owner due to the termination of the bareboat charter.

Therefore, in 2020 the number of vessels in the Group's fleet decreased by 1.4%. The total deadweight of the fleet increased by 244,000 tonnes or by 1.9%.

The average age of the Group's fleet at the end of 2020 was 11.6 years, which is 10.8% less than the average for leading tanker companies (according to Clarksons).

As of 31 December 2020, the Group's fleet included

145

vessels

with a total deadweight of

12.63

million tonnes

2

new vessels

were added to the SCF fleet in 2020

11.6

years

the average age of the SCF Group fleet

¹ Including the fleet of joint ventures: nine LR I product tankers and four LNG carriers.

² Taking into account reclassification of Zaliv Baikal and Zaliv Vostok from the product tanker category to the shuttle tanker category.

³ Governor Farkhutdinov is included in the shuttle tanker category according to the information disclosed in the consolidated financial statements of PAO Sovcomflot for 2020 prepared in accordance with IFRS.

⁴ Data for 2019 as of 31 December 2019 were updated in comparison with similar data as of 31 December 2018.

Age characteristic of the Group's fleet as of 31 December 2020

Vessels by type	Average age in years
Crude oil tankers	12.3
Product tankers	12.7
Shuttle tankers	11.1
LNG and LPG carriers	8.2
Dry bulk carriers	8.0
Multifunctional ice-breaking vessels	8.8
Research vessels and chartered vessels	9.4
SCF Group fleet	11.6

Operation of the fleet

Technical operation of SCF Group's own and chartered fleet is carried out by companies integrated into a single system under the umbrella brand SCF Management Services.

The system covers all key regions for Sovcomflot. The head office is located in Dubai (UAE) and provides the management of foreign-flagged vessels. The division in St. Petersburg is responsible for the management of Russian-flagged vessels.

Main functions of the companies belonging to the SCF Management Services system: organising fleet operations, controlling the technical condition of ships, repairs and modernisation, equipment service support as well as engineering support for new projects, supervision of ship construction and crewing services. Companies operating under the SCF Management Services brand also provide technical management services for ships of third-party owners.

The SCF fleet operates in accordance with the Integrated Safety Management System (the ISMS) in effect at Sovcomflot Group.

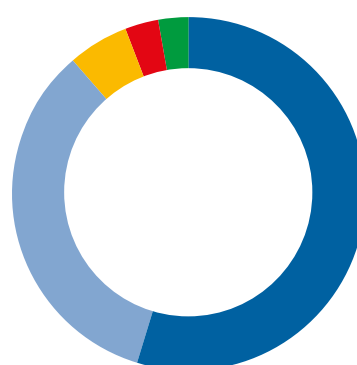
SCF Group manages the operation of the fleet based on the provisions of the Technical Policy. This policy is a set of measures and actions that enable the Group to achieve operational advantages in the maritime transportation and service market sectors.

In accordance with the ISMS, Sovcomflot Group strives to optimise the system of providing vessels with the required financial and material resources to maintain them in good working order, and also applies advanced methods to monitor and analyse the technical condition of each vessel and its equipment.

Dynamics of actual operating expenses for 2018-2020, ('000 US\$)



Structure of operating expenses in 2020, (%)



54.8	■ Crew upkeep
34.0	■ Technical operation
5.5	■ Insurance
3.0	■ Lubes
2.7	■ Overheads

366.9
US\$

the amount of actual operating expenses in 2020, which is

2.5%

below the approved 2020 budget