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Message from the President and Chief Executive Officer

2020 was a year of great challenge for the world tanker industry, with the energy shipping market experiencing unprecedented volatility during the Global Pandemic, accompanied by a significant reduction in demand for crude oil and oil products.

Despite the difficult market conditions, the Sovcomflot Group managed to take full advantage of the market opportunities available. This, in combination with the stable operation of our fleet in the industrial business segment, ensured the achievement of key operating and financial indicators. Net TCE revenue increased by 6.7% to US\$1.35 billion. Adjusted EBITDA was up 9.8% to US\$903.4 million. Net profit was recorded at US\$266.9 million.

SCF's Strategy 2025, which the Company continued to implement consistently in the reporting period, contemplates the expansion of participation of the Company's fleet in long-term industrial projects, with a special emphasis on operation in difficult climatic and ice conditions.

An initial public offering of PAO Sovcomflot securities on the Moscow Exchange, which took place in the fourth quarter of the reporting period, provided the Company with additional resources for faster development in accordance with the approved strategy.

In 2020 the Company significantly expanded its business portfolio in the segment of liquefied natural gas transportation by concluding long-term time charter contracts for 17 new Arctic LNG carriers for the Arctic LNG 2 project. As a result, the total contracted deferred revenue doubled to US\$24 billion. This transaction, which greatly strengthened the Company's position in industrial business, became the largest in the Company's history.

2020 saw the SCF fleet continue to grow through the acquisition of two state-of-the-art gas carriers meeting the highest environmental compatibility and energy efficiency requirements. SCF La Perouse and SCF Barents are operating under long-term contracts with Total and Shell. A third vessel in this series, SCF Timmerman, joined the SCF fleet in early 2021.

For many years Sovcomflot has been the flagship of Arctic commercial shipping. The successful transit of the Northern Sea Route by the LNG carrier Christophe de Margerie in May 2020 enabled the ship to complete a round-trip voyage along the high-latitude route in January-February 2021. Without doubt, these voyages will remain forever in the annals of world shipping: the navigation period in the Eastern part of the Russian Arctic was almost doubled, bringing year-round navigation along the entire Northern Sea Route significantly closer.

Once again SCF outperformed the industries operating indicators during the year, making significant advances in the area of environmental safety and energy efficiency, together with the introduction of new technologies and advanced engineering. Our achievements were again recognised by the global shipping community where Sovcomflot was named the 'Shipping Company of the Year' by the prestigious Seatrade publication. The Company was further recognised by the Marine Money magazine with its green finance award.

In the past year all our employees were required to call upon their courage, responsibility and professionalism to meet the exceptional demands brought about by the Pandemic and industry volatility. We thank our captains and crews, together with our onshore personnel for their steadfast commitment to the success of the Group. Despite the Pandemic restrictions, the fleet and on-shore operations never stopped for a minute. We are grateful to each member of our team for their dedication at such a difficult time.

We are also sincerely grateful to our customers and partners for their collaboration during this challenging year.

Igor Tonkovidov
President and Chief Executive Officer
of PAO Sovcomflot