

In 2019, 4.1 % savings were achieved in the vessel's running costs budget through the cost optimisation programme. Vessel's running costs for the reporting period amounted to US\$356.3 million. The 10 % reduction in voyage costs and commissions (to US\$399.7 million) was due to a decline in bunker prices and a decrease in the number of vessels operating in the spot market. General and administrative expenses decreased by 3 % to US\$108.0 million. Financial debt servicing costs excluding interest on leasing obligations decreased by 1 % compared to 2018 and amounted to US\$198.4 million.

3.4.3. LIQUIDITY INDICATORS

The Group has a strong liquidity cushion, which represents a significant positive factor for maintaining the company's creditworthiness and financial stability. Cash balances in bank accounts and their equivalents totalled US\$374.8 million at the end of 2019, which is in line with the company's cash management policy. The Group also had unused revolving credit facilities of US\$84.9 million and available special-purpose credit facilities for new builds of US\$349.5 million. Thus, the company's current liquidity as at 31 December 2019 totalled US\$809.2 million. The company's liquidity at the end of 2019 fully covers the current investment commitments under the existing shipbuilding programme for 2020 amounting to US\$365 million.

3.4.4. CREDIT RATING OF THE GROUP

Moody's Investors Service affirmed the Group's credit rating at Ba1 with a stable outlook. S&P Global Ratings affirmed the existing credit rating for the Group at BB+ with a stable outlook. Fitch Ratings upgraded the Group's rating to BB+ with a stable outlook.

During 2019 Sovcomflot Group continued to work with international rating agencies.



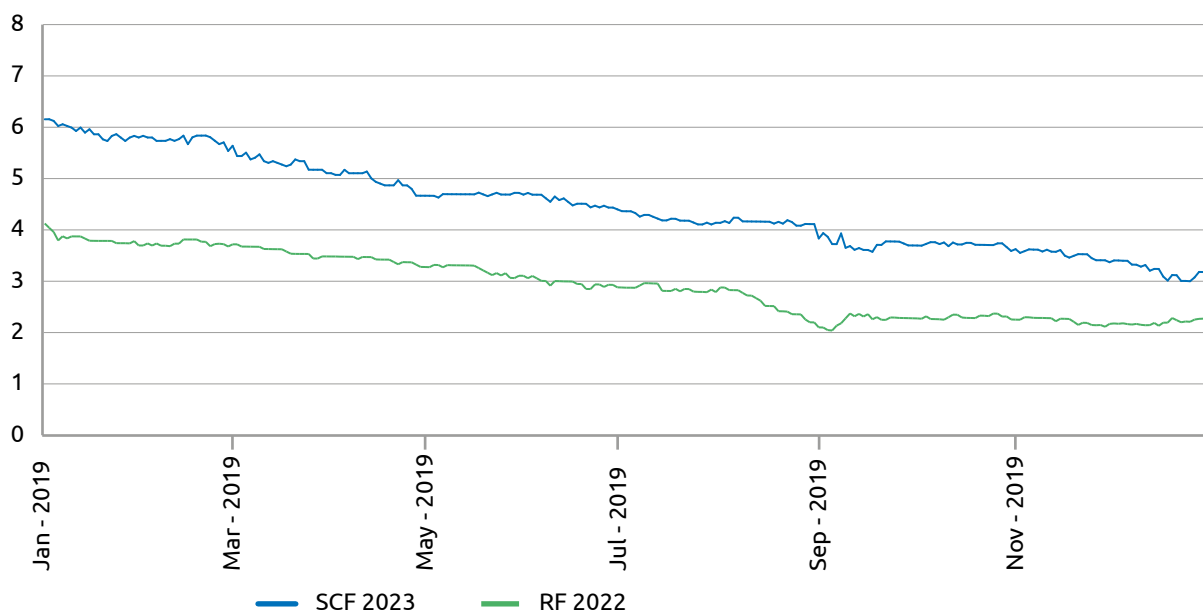


Credit ratings of Sovcomflot Group as of 31 December 2019

	S&P GLOBAL RATINGS	Fitch Ratings	Moody's Investors Service
Credit rating	BB+	BB+	Ba1
Outlook	Stable	Stable	Stable

Amid the positive debt capital market dynamics for issuers at the end of the reporting period the company's Eurobonds traded at a premium to par value and had a yield to maturity in 2023 of 3.2% with an average yield for the year of 4.5%.

Yield to maturity of bonds of Sovcomflot Group and Russian Federation (%)



Source: Citibank