

**Capital structure dynamics, USD million**

Name	2019	2018	Difference, %
Secured loans and finance lease liabilities	2,599.1	2,575.5	0.9
Eurobonds and other loans	900.4	902.7	-0.3
Less: cash and bank deposits, including restricted cash	(417.2)	(307.4)	35.7
Net debt	3,082.3	3,170.8	-2.8
Equity	3,504.6	3,350.1	4.6
Total capital <sup>1</sup>	6,586.9	6,520.8	1.0
Net debt/equity ratio, %	46.8	48.6	-1.8 p.p.
Net debt/EBITDA ratio	3.7	5.5	-31.3

The Group's current leverage is more favourable compared to the industry average, which is traditionally impacted by high capital intensity of investments and volatility of the freight market.

Financial statements are available online:

[Consolidated Financial Statements in Roubles and Auditor's Report](#)

[Consolidated Financial Statements in U.S. Dollars and Auditor's Report](#)

[Accounting \(Financial\) Statements and Auditor's Report](#)

The positive situation in the tanker market and the consistently high share of industrial portfolio had a positive impact on the Group's operating results in 2019.

**1,665.2**

US\$ MILLION

*the revenue generated in 2019 (up 9.6 % from 2018)*

**3.4.2. INCOME STATEMENT INDICATORS**

The revenue amounted to US\$1,665.2 million, up 9.6 % on the previous period, with a 17.8 % increase in TCE revenue, which reached US\$1,265.5 million.

In 2019 Sovcomflot significantly improved its operating profitability and posted a net profit of US\$225.4 million versus a loss of US\$41.6 million in 2018. In accordance with IFRS, in 2019 the Company recognised impairment expenses of US\$23.6 million in relation to the fleet and other assets.

<sup>1</sup> Total capital = net debt plus total equity.

### Key income statement indicators (USD million)

Name	2019	2018	Difference, %
Revenue	1,665.2	1,519.9	9.6
TCE revenue	1,265.5	1,074.7	17.8
EBITDA	823.0	580.7	41.7
Net profit / (loss)	225.4	(45.6)	-

In the reporting year the Group continued to implement consistently its industrial development strategy aimed at expanding the offshore and gas business segments, whose share of time charter revenue reached 50.5 %, with revenues from the conventional fleet operations (transportation of crude oil and petroleum products) accounting for 45 %.

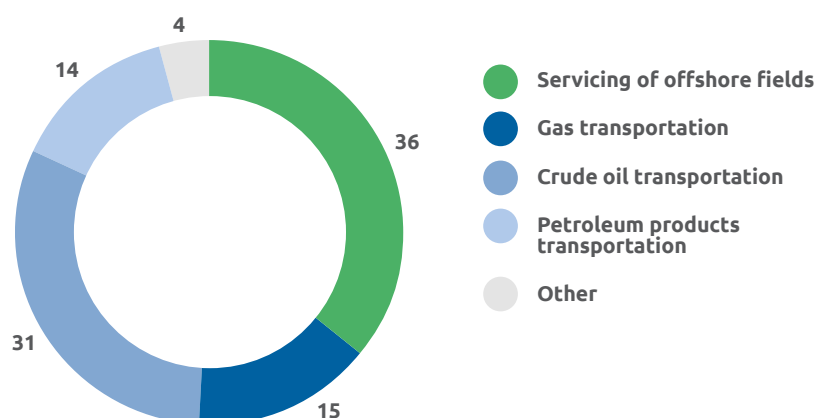


# 823.0

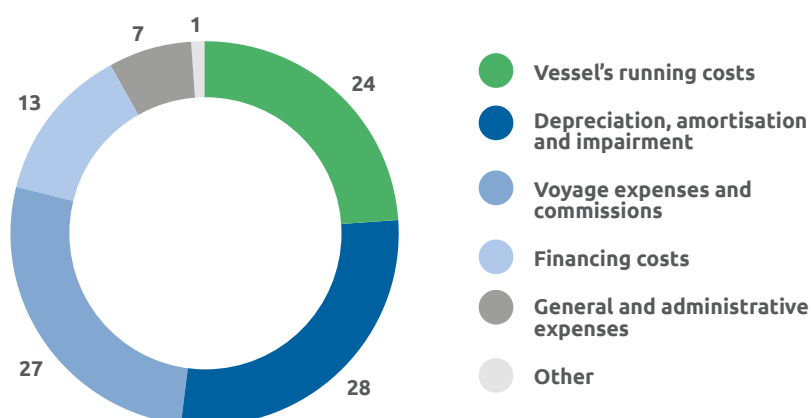
US\$ MILLION

*the EBITDA for 2019  
(41.7 % higher than  
in 2018)*

### Structure of TCE revenue by operating segments (%)



### Structure of the main expense items (%)



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.

