



3.2. Investment activities

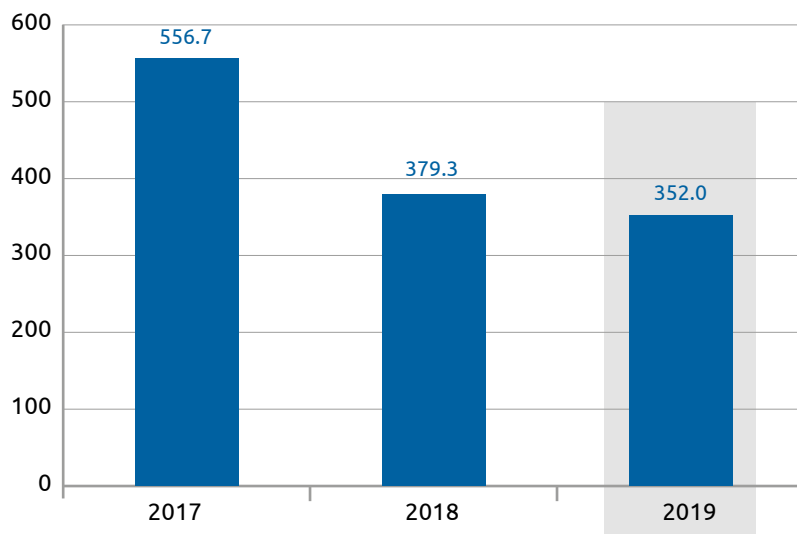
3.2.1. DYNAMICS OF INVESTMENTS

With due regard for SCF Group's strategic priorities, the Investment Programme chiefly focuses on the implementation of high-yield industrial projects in the field of liquefied gas transportation and the servicing of offshore hydrocarbon fields. In 2019 most investments were directed to these segments. Investments were also made in the repair and modernisation of the existing fleet of the Group.



The investment activities of Sovcomflot Group are performed as part of the Long-Term Development Programme. Every specific project is developed and evaluated according to the Company's internal regulations.

Dynamics of SCF Group investments, 2017-2019, USD million¹



In 2019 investment projects financing amounted to US\$352 million, which is 7.2 % less than in 2018.

¹ These are the costs of vessel construction in progress as reported in the cash flow statement in the consolidated financial statements of PAO Sovcomflot prepared under IFRS.

Investment projects of Sovcomflot Group in 2019

Client / project	Target	Number of vessels	Implementation stage (as of 31 December 2019)
PAO NOVATEK	Construction of LNG-fuelled MR tankers	3	The vessels are under construction ¹
Exxon Neftegaz Limited / Sakhalin-1	Construction of Aframax shuttle tankers	2	The vessels are under construction
PAO NK Rosneft	Construction of dual-fuel Aframax tankers	2	The vessels are under construction ²
PAO NOVATEK / Arctic LNG 2	Construction of Yamalmax Arctic LNG carriers	5	The vessels are under construction ³
Shell	Construction of Atlanticmax LNG carriers	2	The vessels are under construction
Total	Construction of an Atlanticmax LNG carrier	1	The vessel is under construction ⁴
Shell ⁵	Construction of dual-fuel Aframax tankers	2+4	The vessels were put into operation in 2018-2019
Gazprom Neft / Novy Port	Construction of an MR Arctic shuttle tanker	1	The vessel has been put into service

¹ The vessels were ordered by a VEB Leasing Group company and are to be subsequently transferred to SCF Group for operation after completion of construction.

² The vessels were ordered by a VEB Leasing Group company and are to be subsequently transferred to SCF Group for operation after completion of construction.

³ The vessels were ordered by a VEB Leasing Group company, with one vessel to be transferred for operation to SCF Group and four to SMART LNG, a joint venture of PAO Sovcomflot and PAO NOVATEK after completion of construction. The shipbuilding contracts for the construction of vessels for SMART LNG concluded in 2019 entered into force after the end of the reporting period.

⁴ The LNG carrier SCF La Perouse was accepted for operation on 10 February 2020.

⁵ Sovcomflot Group and Shell entered into long-time charter contracts for two vessels of the series in 2018. The other four vessels of the series (three of which joined the fleet in 2019) are operating in the open market.