

## 3.1. Production activities

### 3.1.1. COMPOSITION OF THE FLEET

As of 31 December 2019, the Group's fleet included 147 vessels with a total deadweight of 12,874 thousand tonnes.

#### Composition of the Sovcomflot Group fleet<sup>1</sup>

Vessels by type	Number of vessels			Total deadweight, '000 tonnes		
	31.12.2019	31.12.2018	31.12.2017	31.12.2019	31.12.2018	31.12.2017
Oil tankers	56	53	59	7,424	7,006	7,653
Product tankers	45 <sup>2</sup>	48	49	2,814	3,071	3,120
Shuttle tankers	19	16	16	1,552	1,301	1,301
LNG and LPG carriers	13	13	13	887	870	870
Bulk carriers	2	2	2	149	150	150
Multifunctional icebreaking vessels	10	10	9	42	38	35
Seismic exploration vessels, chartered vessels	2	2	2	6	7	7
<b>Total</b>	<b>147</b>	<b>144</b>	<b>150</b>	<b>12,874<sup>3</sup></b>	<b>12,443</b>	<b>13,136</b>

# 4

#### NEW VESSELS

were added to the SCF fleet in 2019

# 10.8

#### YEARS

the average age of the Group's fleet at the end of 2019

For more information about the fleet, broken down by operating segments, see section 1.1. of this Annual Report, [Company profile](#). Detailed information about the vessels and their technical characteristics is available on SCF Group's website in the [List of vessels](#) section.

In 2019 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 4 vessels delivered by shipyards under previously concluded shipbuilding contracts (for more details see section 3.2.3. of this Annual Report, [Implementation of the shipbuilding programme](#)).

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 2019 Sovcomflot Group sold one MR product tanker aged above 15 years in the second-hand vessel market.

Thus, in 2019 the number of SCF Group vessels increased by 2.1 %. The total deadweight of the fleet increased by 431,000 tonnes or by 3.5 %.

The average age of the Group's fleet at the end of 2019 was 10.8 years, which is 18 % less than the average for leading tanker companies (according to Clarksons).

<sup>1</sup> Including the fleet of joint ventures: 9 LR I product tankers and 4 LNG carriers.

<sup>2</sup> Taking into account the transfer of Zaliv Baikal and Zaliv Vostok from the product tanker category to the shuttle tanker category.

<sup>3</sup> 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 2019

Vessels by type	Average age in years
Crude oil tankers	13.7
Product tankers	11.7
Shuttle tankers	10.1
LNG and LPG carriers	8.4
Bulk carriers	7.0
Multifunctional icebreaking vessels	7.9
Research vessels and chartered vessels	8.1
SCF Group fleet	10.8

### 3.1.2. OPERATION OF THE FLEET

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.



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.



# 356.3

US\$ MILLION

*the amount of vessel's running costs in 2019, which is 4.1 % below the approved 2019 budget*