

1 265.5

US\$ MILLION

TCE revenue for 2019
(up 17.8 % from 2018)

50.5 %

the share of revenues from the servicing of offshore oil and gas production by SCF vessels and maritime transportation of gas in total TCE revenue (vs. 57.2 % in 2018)

3.1.3. OPERATING RESULTS

Overall results for Sovcomflot Group

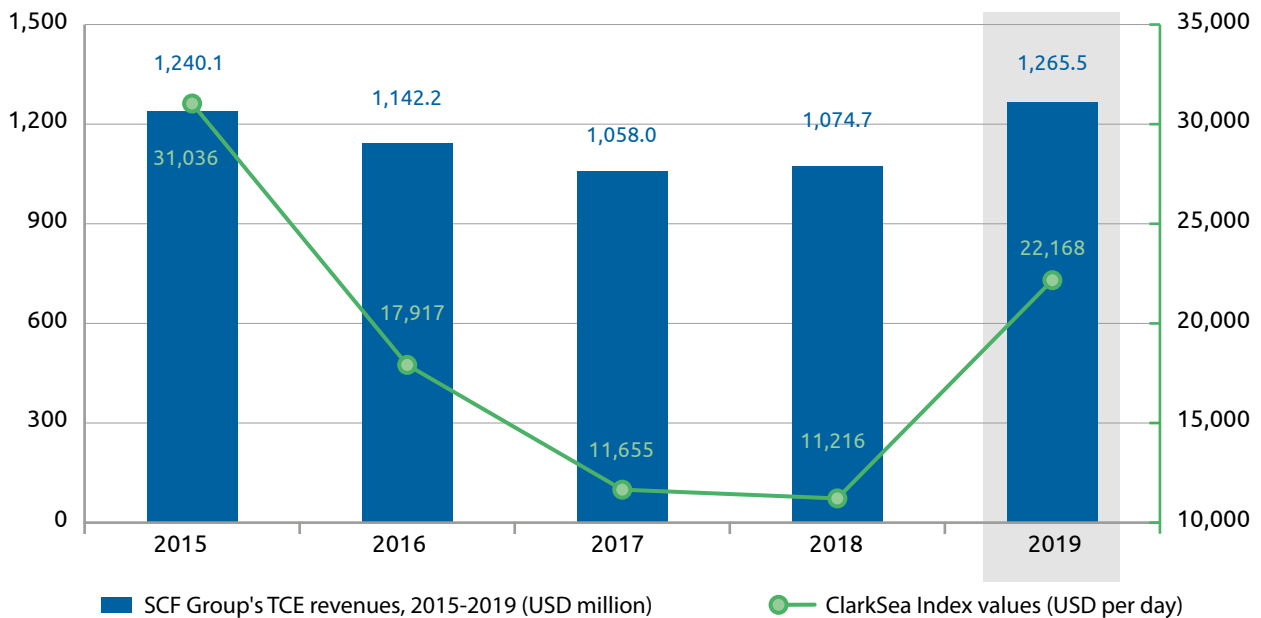
Key operating performance indicators improved in 2019 compared to 2018, despite the high volatility in conventional tanker markets. The main reasons for that were both the positive state of the freight market and measures taken to increase fleet performance, including renewal and modernisation of the fleet, a balanced freight policy, which ensures the effective use of the fleet in different phases of the tanker market, and cooperation with high-profile customers.

Time charter equivalent (TCE) revenue in 2019 amounted to US\$1,265.5 million under IFRS against US\$1,074.7 million in 2018. The Net earnings from vessels' trading of the Group also increased (by 30.4 %), to US\$909.2 million (vs. US\$697.5 million in 2018).

Sovcomflot Group cooperates with both foreign and Russian customers. In the reporting year the Group continued to meet Russian foreign trade requirements: its vessels participated in transportation of oil and petroleum products from different Russian ports, including Novorossiysk, Murmansk, Primorsk, Ust-Luga, Prigorodnoye, and others. In addition, the Group's vessels were used as floating storage units to facilitate the transshipment of export oil and petroleum products from river tanker vessels to sea tankers.

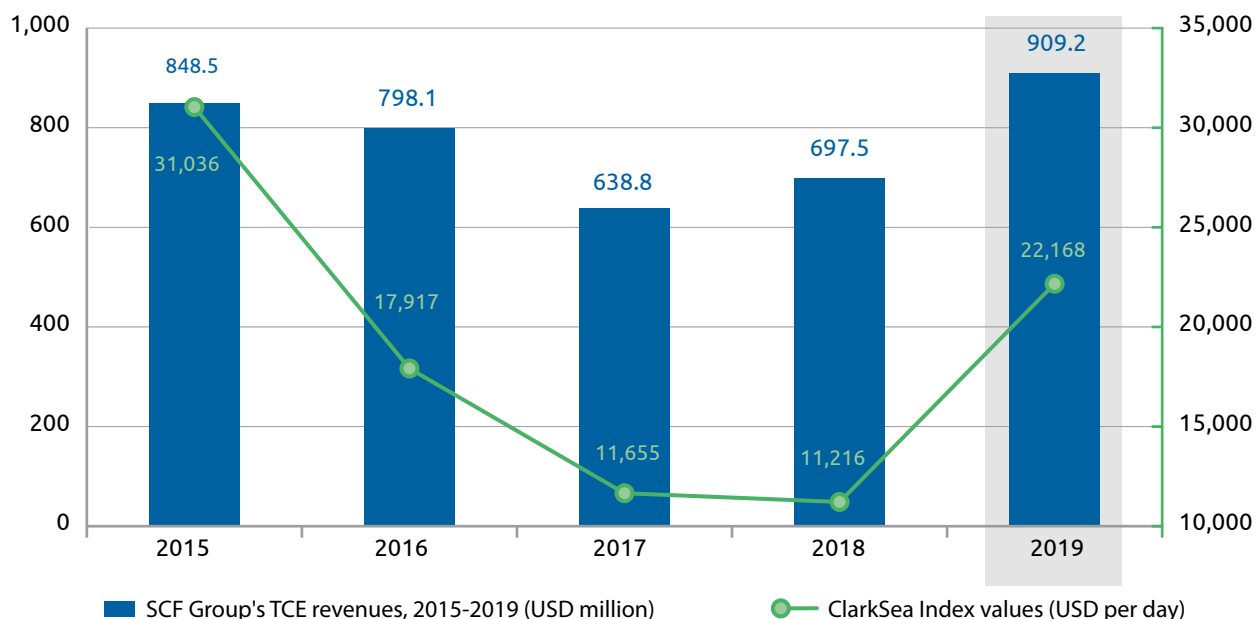
In 2019 the Group carried 62.4 million tonnes of Russian export and transit cargo exported through Russia, which is 15.6 % more than in 2018.

Dynamics of SCF Group's TCE revenues, 2015-2019 (USD million), versus the ClarkSea Index¹ values (USD per day)



¹ See the [Glossary](#).

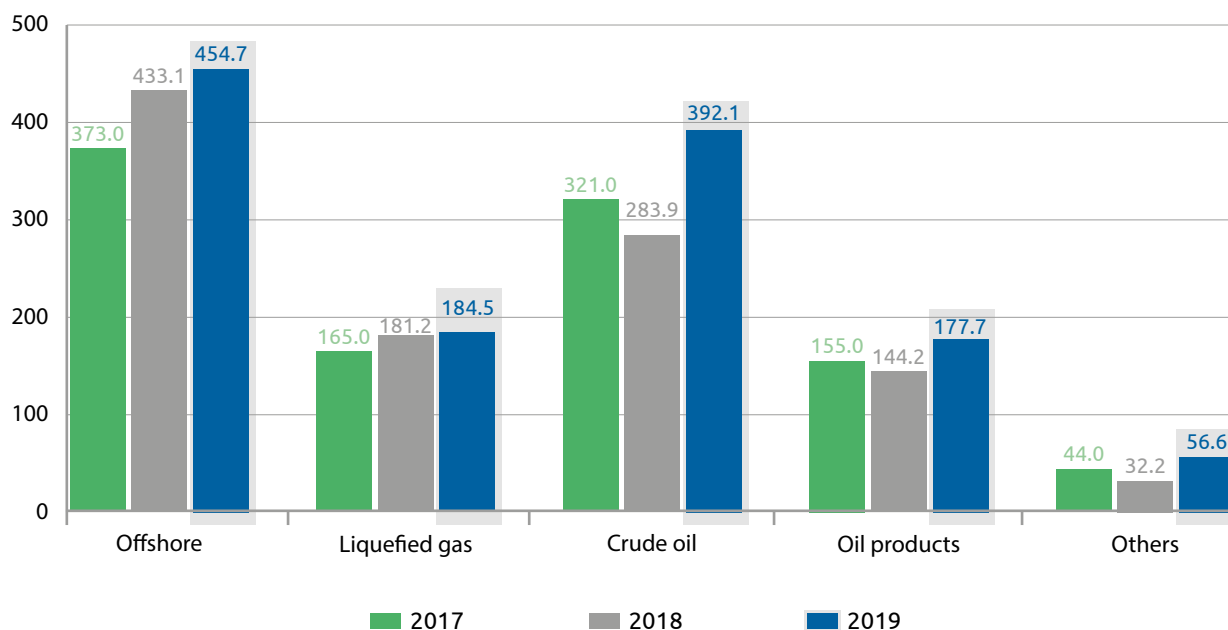
Dynamics of Net earnings from vessels' trading of the Group, 2015-2019 (USD million), versus the ClarkSea Index¹ values (USD per day)



Fleet performance indicators by lines of business

SCF Group's key operating performance indicators by main operating segments exhibited positive dynamics in 2019 both in conventional and industrial segments.

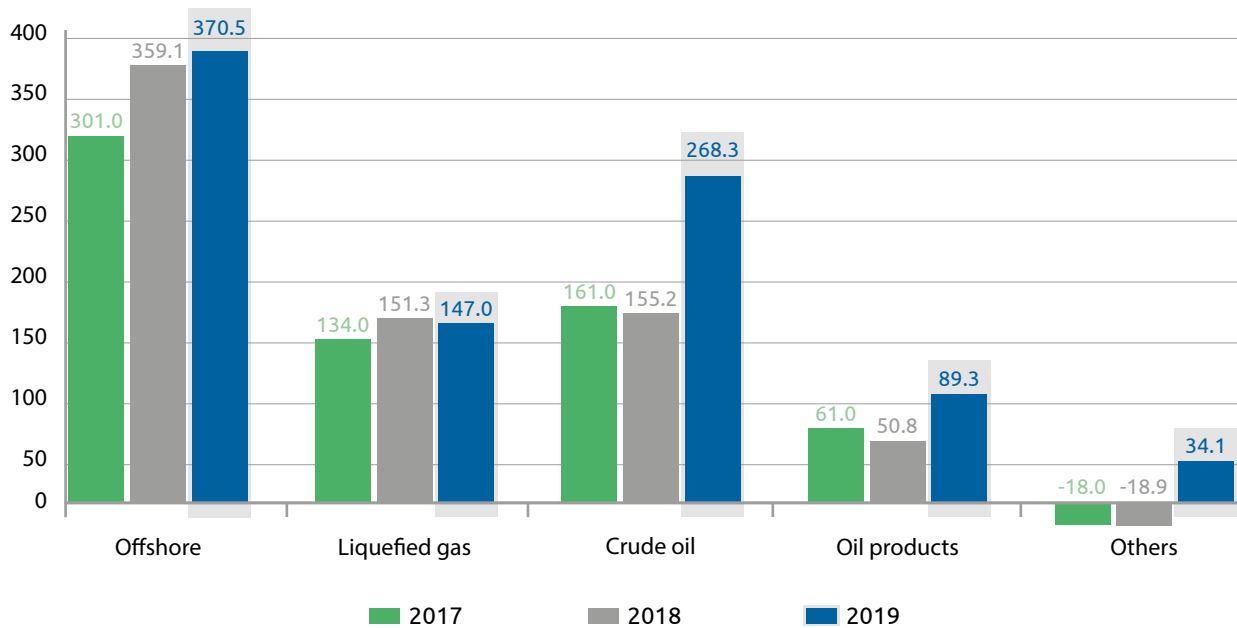
Dynamics of TCE revenue by operating segments, 2017- 2019 (USD million)²



¹ See the [Glossary](#).

² The breakdown into segments is provided in accordance with the IFRS financial statements.

Dynamics of the Net earnings from vessels' trading by operating segments, 2017-2019 (USD million)¹



The commissioning of new tonnage and the consistent expansion of participation of the Company's fleet in the maritime transportation of hydrocarbons for large industrial oil&gas projects had a positive impact on the Company's results.

The increase in TCE revenues and Net earnings from vessels' trading in the segment of crude oil and petroleum products transportation was due to the positive dynamics of freight rates in all segments of the conventional tanker shipping market.

The increase in TCE revenues and Net earnings from vessels' trading in the offshore services segment was driven by additions to the division's fleet.

The increase in TCE revenues for the reporting period in the segment of liquefied gas transportation occurred mainly due to the improvement of the LPG carriers SCF Tomsk and SCF Tobolsk operating results (the vessels commenced one-year time charters).

In the «Others» segment, which in 2019 included two bulkers and two seismic research vessels, TCE revenues increased by 1.8 times compared to 2018, resulting in a profit from vessels' trading versus a loss in 2018.

¹ The breakdown into segments is provided in accordance with the IFRS financial statements.