

# SCF

Safety Comes First®



Q1 2021  
Financial Results



# Investor Presentation

May 2021

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# 1. Key Investment Highlights



# SCF at a Glance

Provider and operator of marine infrastructure for large-scale upstream energy projects

## Key Highlights

- 30+ years history of operations
- Engaged in marine services and transportation of liquefied gas, crude oil and petroleum products
- Focused on large-scale industrial energy projects and long-term contracts
- Specialises on operating in ultra harsh environments and challenging ice conditions
- Owns and operates world's largest fleet of ice-class vessels
- In-house engineering expertise to satisfy customer needs

## Global Leadership in Core Segments<sup>(1)</sup>

#1	#1	#1	#1
Ice-class Shuttle Tankers	Ice-breaking Supply Vessels	Aframax Crude Oil Tankers	Ice-class LNG Carriers
			

## One of World's Largest Fleets

171	15m	USD6.3bn
vessels <sup>(2)</sup>	DWT <sup>(2)</sup>	Fleet Value <sup>(3)</sup>

 MOSCOW EXCHANGE

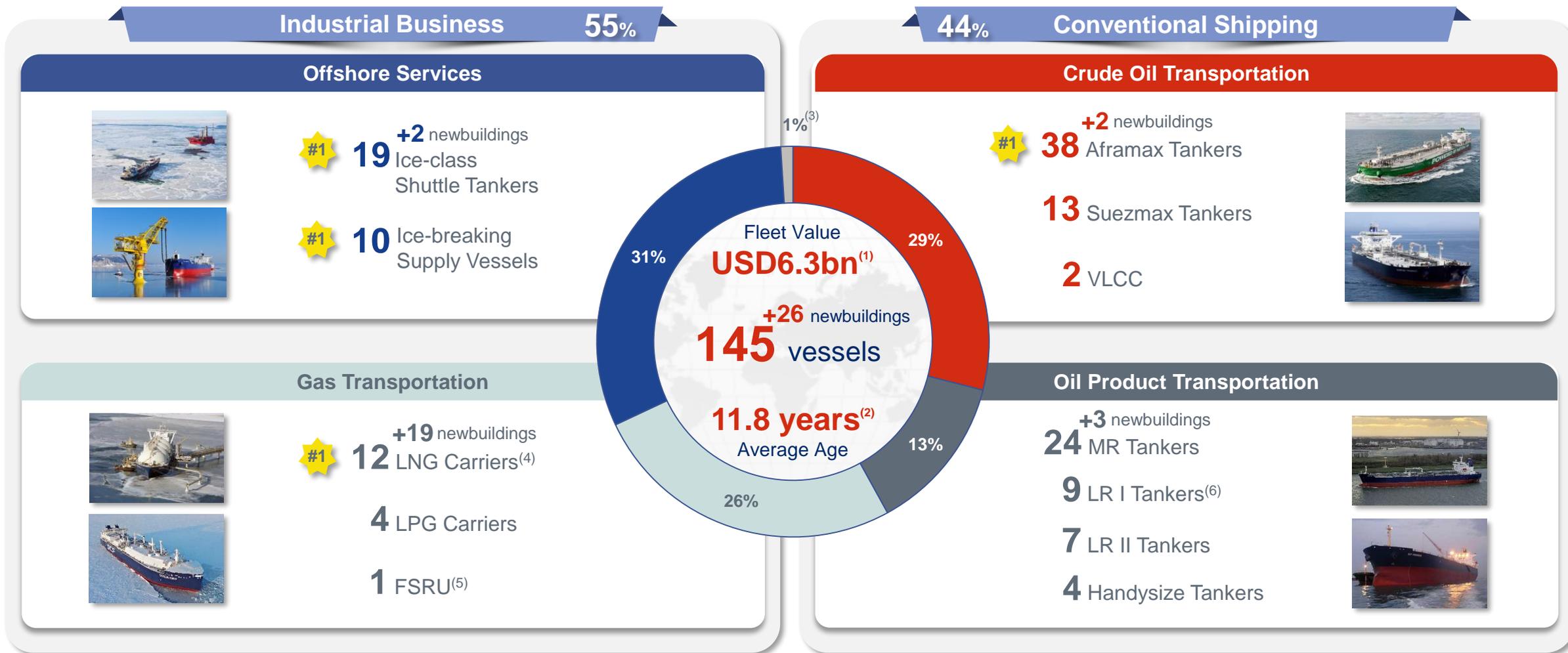
FLOT ticker on MOEX  
c. US\$2.8 bn market cap<sup>(4)</sup>

 S&P Global Ratings	 BBB- Stable	 Fitch Ratings	 BBB- Stable	 MOODY'S Ba1 Stable
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Source: Company data, Clarksons Research (March 2021), public sources.  
 Note: (1) As of 31 March 2021 by number of vessels; includes orderbook as per Clarksons Research estimates. Sovcomflot's number of vessels and orderbook as per Company data. (2) Includes JVs' fleet and 26 newbuildings as of 31 March 2021. (3) Net book value of total fleet as of 31 March 2021; excluding JVs. Total fleet consists of vessels and drydock. (4) As of 31 March 2021. Converted to U.S. dollars using USD/RUB exchange rate of 75.7023.

# Global Leadership Across Industrial Marine Transportation

Integrated international energy shipping operator providing a wide range of services to energy majors



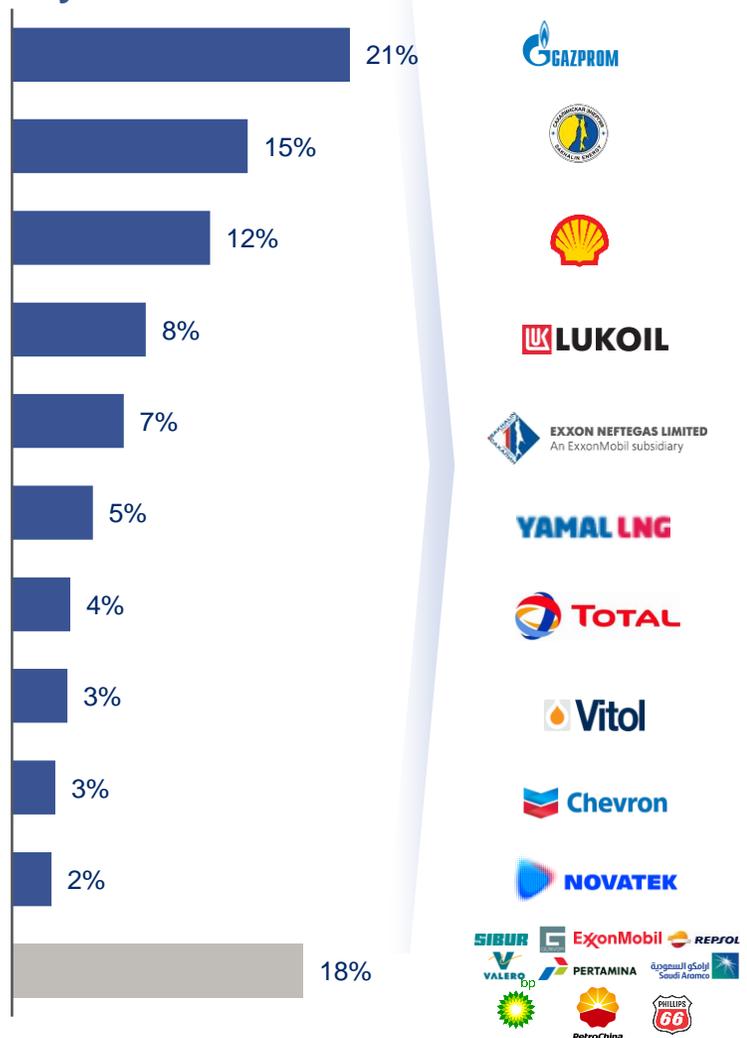
# Global ranking

Source: Company data, Clarksons Research (March 2021).  
 Note: Number of vessels includes fully owned vessels, vessels owned through JVs, chartered in vessels and newbuilds as of 1 March 2021. The chart indicates % fleet net carrying value contribution. (1) Net book value of total fleet as of 31 March 2021; excluding JVs. (2) As of 31 March 2021. Average age excludes vessels in the orderbook. It includes wholly-owned vessels, vessels owned through JVs and chartered in vessels and is weighted based on the DWT of such vessels. (3) 1% of total net carrying value is related to other marine services segment which operates three vessels not included in Industrial or Conventional businesses. (4) Includes 4 vessels owned via JV; 14 JV newbuildings and 5 own newbuildings; the ranking takes into account ice-class vessels only. (5) SCF has a technical management contract for Marshal Vasilevsky, a floating storage and regasification unit of Gazprom. (6) Includes 9 vessels owned via JV.

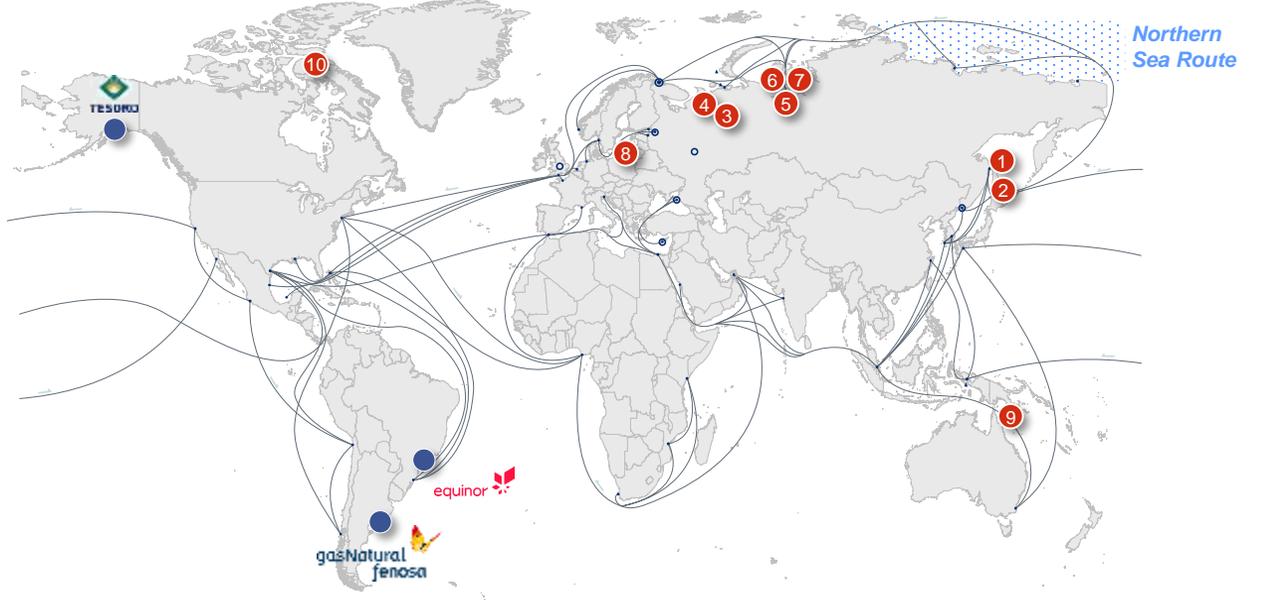
# Global Presence and Long-established Relationships with Customers

Provider of “floating pipeline” critical infrastructure for global energy suppliers to connect to their customers

Key customers - Share in Q1 2021 TCE Revenue<sup>(6)</sup>



- ⊗ Annual Capacity
- ⊗ Project Life
- Ongoing Projects
- Completed Projects
- ➔ Sovcomflot Routes



Source: Company data for project status, public sources for project life and project capacity.  
 Note: (1) Actual production in 2018. (2) SCF contract option life. (3) Technical management contract with Gazprom's Marshal Vasilevskiy floating storage and regasification unit. (4) DWT. (5) Assuming the FSRU's economic useful life of 35 years and given the construction year of 2018. (6) Gazprom owns 50%+1 share but Sakhalin Energy operates under the production sharing agreement.

## 2. Operations and Business Update

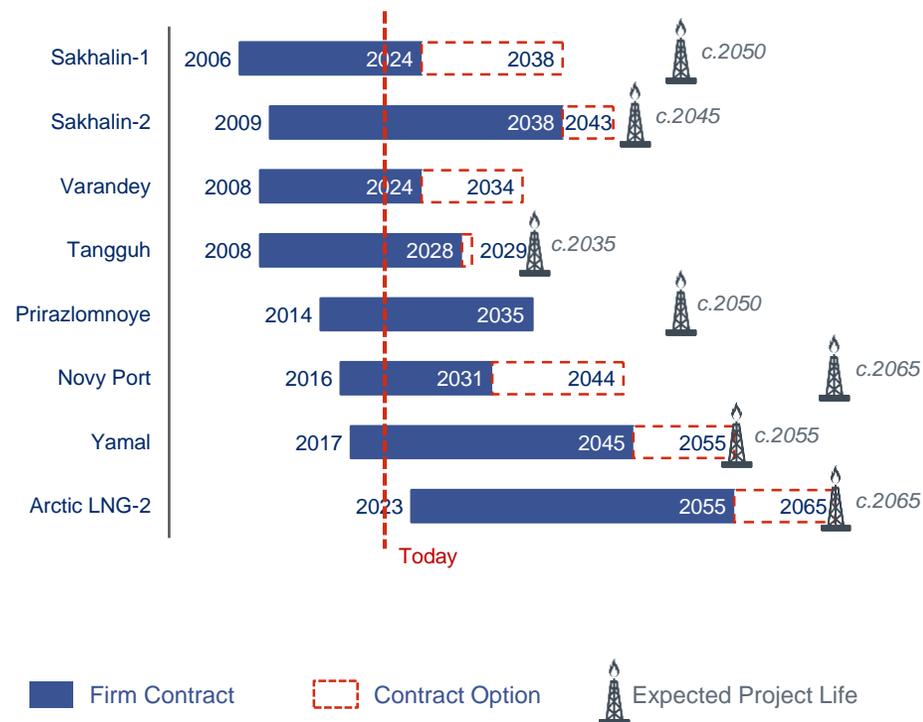


# Industrial Business: Strong Competitive Advantages in Long Life Projects

Marine services provider with a leading market position in ice-class shipping segments

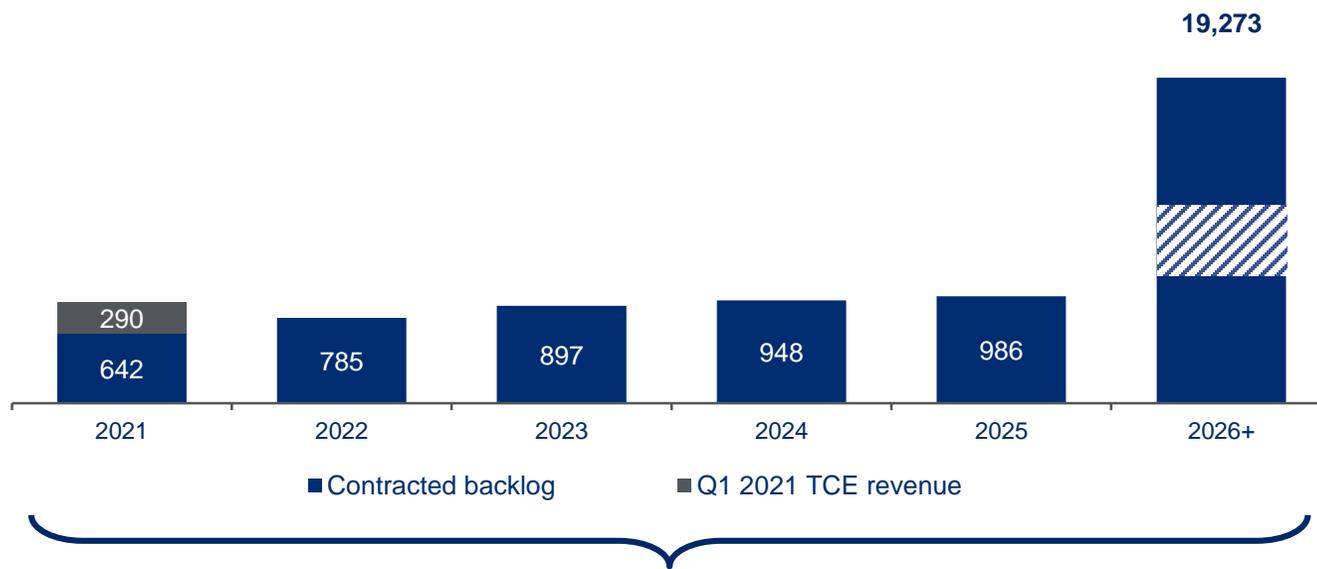
## Long-term Nature of Industrial Projects and Contracts<sup>(1)</sup>

Great Potential for Follow-on Business



## Contracted backlog<sup>(2)</sup>

USDmln



25

Weighted average contracted length

USD24bn

Total contract backlog

>80%

EBITDA margin for industrial projects

Source: Company data, Clarksons Research (March 2021), public sources.  
 Note: (1) The longest contract option related to the project. (2) Including JV

# Industrial Business: Portfolio Expansion – New Contracts with Total

## Steady Growth in the Core Segment

- In January 2021, SCF and Total concluded a time charter agreement supporting the construction and subsequent operation by SCF of a new 174,000-cbm Atlanticmax LNG carrier.
- Total has an option of up to two similar vessels.
- A new Atlanticmax vessel will be a similar ship to previously delivered three sister vessels (*SCF Timmerman*, *SCF Barents* and *SCF La Perouse*) under comparable contract terms.
- The delivery of the LNG carrier to the charterer is scheduled for the third quarter of 2023.



## Investments in Safe, Innovative and Most Environmental Friendly Technologies

- **X-DF propulsion system**, operated by a slow-speed diesel engine with a direct drive to the propellers.
- **Reliquification Plant** - boil-off gas partial re-liquefaction system allows boil-off gas to be returned to cargo tanks instead of being burned (thermal oxidation process) in the gas combustion unit.
- **Air-lubrication system** - technology provides fuel and CO2 emissions savings by reducing hull friction.
- **Propulsion Improving Device** - improves propeller efficiency by establishing more uniform inflow into propeller.

33%<sup>(1)</sup>

Fuel consumption  
reduction

=

33%

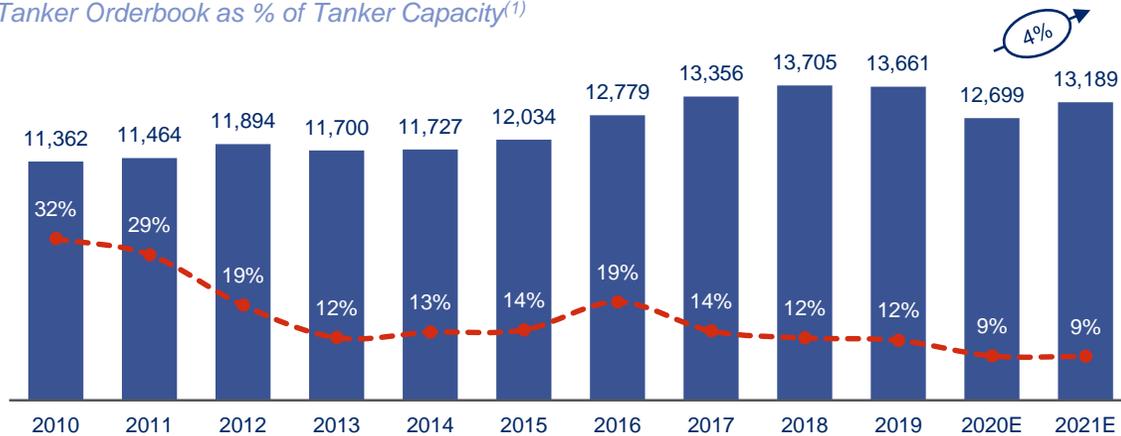
CO<sub>2</sub> Emission  
reduction

# Conventional Business: Rates Recovery Will Drive Segment Performance

4% forecasted 2021 growth in seaborne oil demand and continuing low orderbook

## Strong Seaborne Trade Demand and Supportive Tanker Supply Dynamics...

World Seaborne Oil Trade Volumes (bn tonne-miles)  
Tanker Orderbook as % of Tanker Capacity<sup>(1)</sup>



### Tanker demand expected to be close to pre-pandemic levels

- Demand supported by economic recovery out of the pandemic
- Limited financing and tightening environmental regulation
- Increased scrapping and delayed retrofitting reduce active fleet
- Demand-supply expected to tighten further beyond 2021

## ... Generate Strong Rate Potential Leaning towards Long-Term Average

Aframax Spot Rate (USD/day)



### Potential for positive rate dynamics on the back of economic recovery

- After reaching record highs during the first half of 2020, the tanker market rates came under pressure and remained low in 1Q 2021
- Rates to respond positively to an increase in the refining output of oil products and the expected return of crude production and shipping demand volumes to pre-pandemic levels
- Industry fundamentals support 20-year avg. rate outlook

Source: Company data, Clarksons Research (March, 2021)

Note: All forward-looking information is sourced from Clarksons Research. (1) Includes both crude and oil product. (2) Average dayrate for Aframax tankers from Apr 2002 to Mar 2021 (calculated based on weekly data).

# 3. Financial Highlights

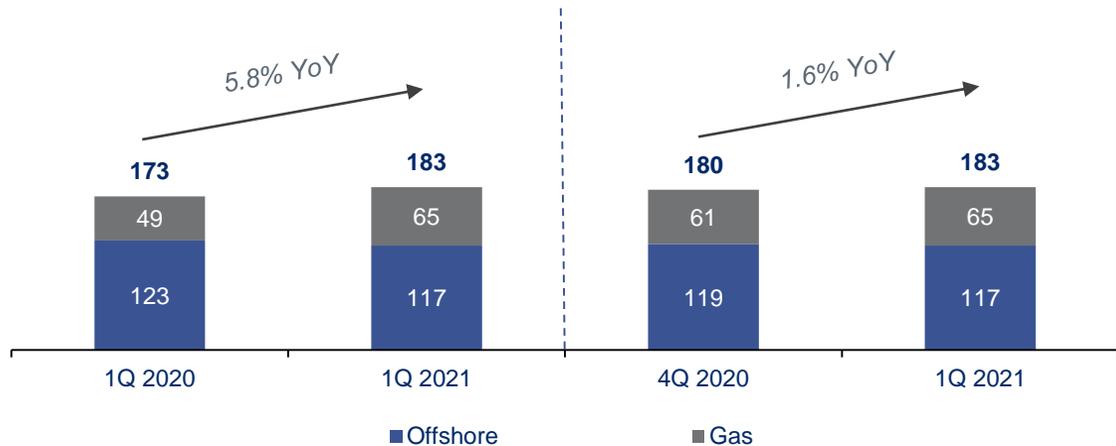


# Segments Financial Analysis

## Industrial Segments

### TCE Revenue

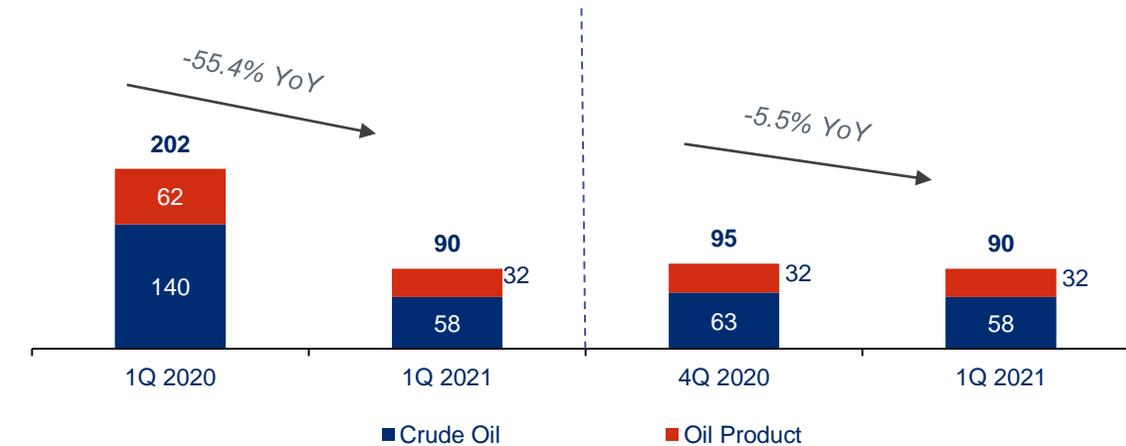
USDmln



## Conventional Segments

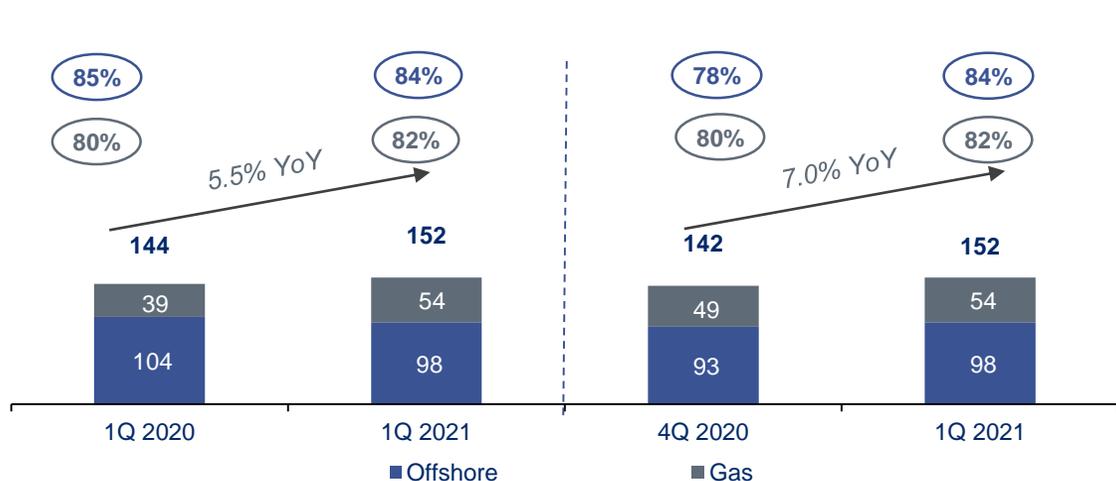
### TCE Revenue

USDmln



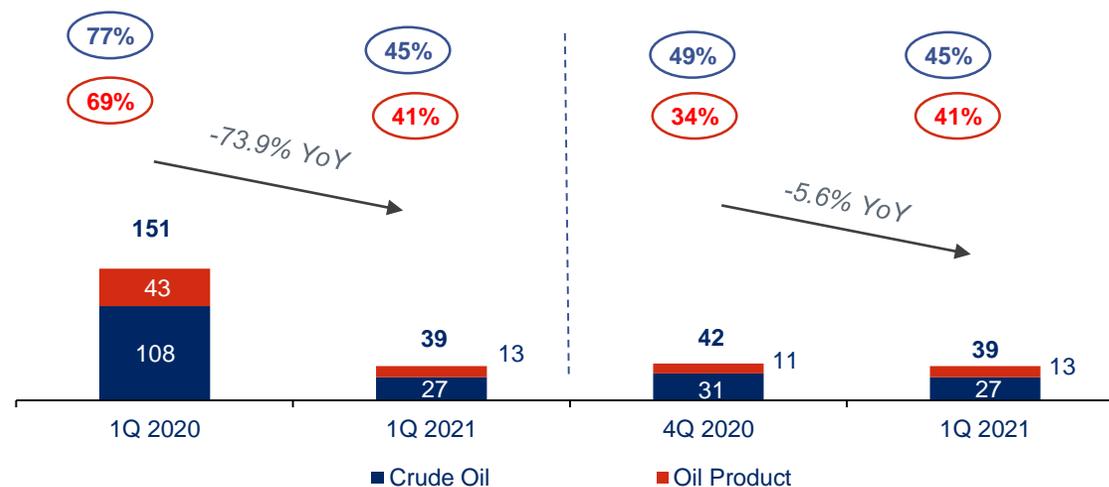
## Net Earnings from Vessels' Trading

USDmln



## Net Earnings from Vessels' Trading

USDmln

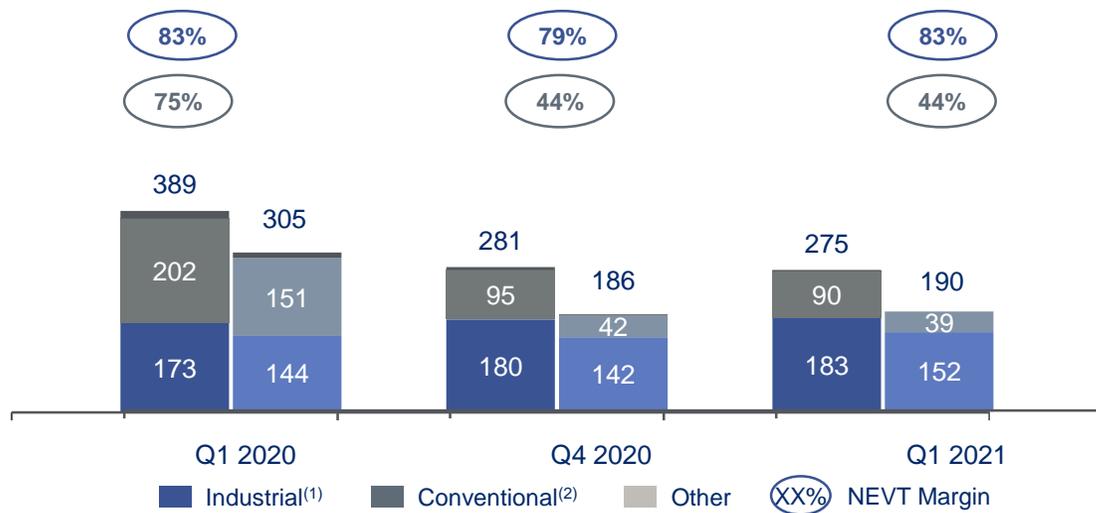


Source: PAO Sovcomflot IFRS financials for 2020-2021

# Solid Operational Profitability

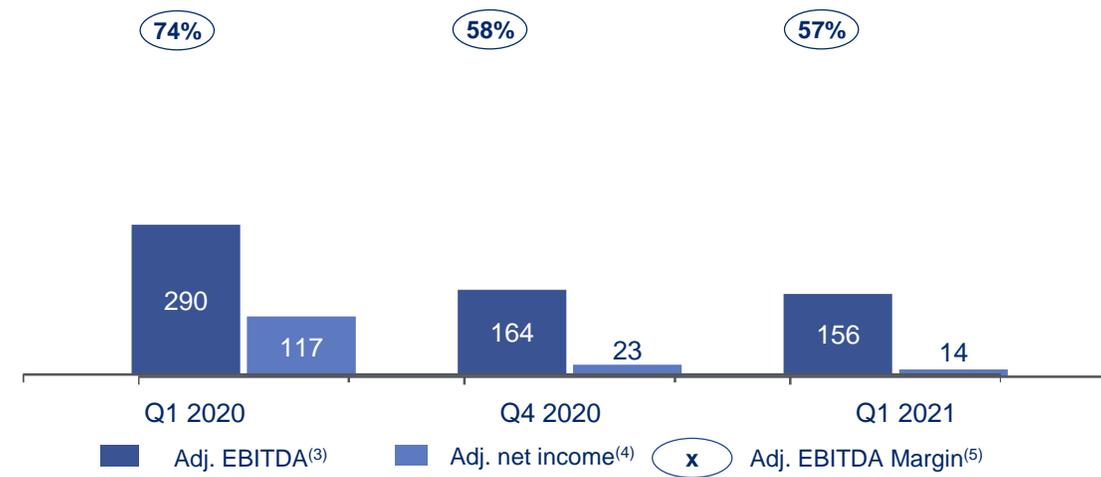
## Focus on Growing Contribution of Higher Margin Industrial Business

TCE Revenue and NEVT, USDm



## Consistently High Adj. EBITDA Margin and Positive Adj. Net Income

USDm



### Highlights

- Industrial businesses contribution in Q1 2021 – 66% of the total TCE revenue
- Solid operational profitability of 57% EBITDA margin in Q1 2021 despite conventional tanker businesses underperformance
- USD 15.9 mln non-cash impairment charge in Q1 2021

Source: PAO Sovcomflot IFRS financials for 2018-2020

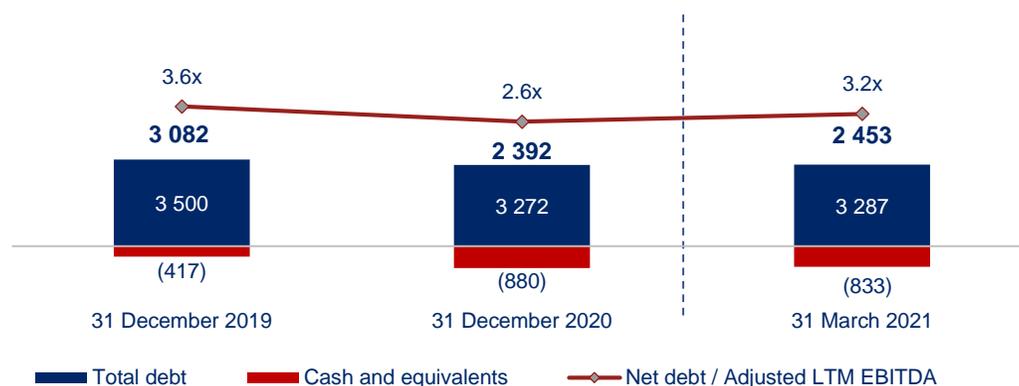
Notes: (1) Includes Offshore and Gas. (2) Includes Crude Oil, Oil Product and Other (3) EBITDA adjusted for other non-operating expenses; hedge ineffectiveness and termination of hedge; gain on derecognition of dividend liability; loss on sale and dissolution of subsidiaries; foreign exchange gains; foreign exchange losses and gain/loss on sale of equity accounted investments. (4) Net income is adjusted for one off non-cash impairment charge in Q1 2021 (5) Adj. EBITDA margin calculated as adjusted EBITDA divided by TCE revenue

# Well-balanced capital structure

Conservative leverage by industry standards

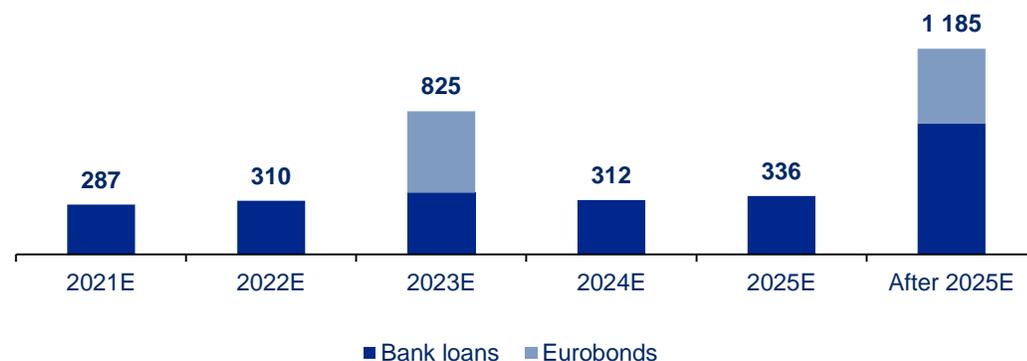
## Net Debt Evolution

USDmln



## Debt Maturity Profile (1)

USDmln



## Highlights

- The Company’s debt portfolio is well-diversified across various types of debt instruments and capital providers
- Strong financial position of the Company with Net Debt/ adj. EBITDA ratio of 3.2x as of 31 March 2021
- 100% of the Company’s debt is denominated in hard currencies (mostly USD) to be aligned with the revenue streams (no foreign exchange exposure)
- Largely long-term debt structure with 80% of maturities after 2022
- Strong liquidity position – USD 833 mln in cash as of 31 March 2021
- Credit ratings upgraded to investment grade levels by S&P Global and Fitch

S&P Global Ratings

BBB-  
Stable

Fitch Ratings

BBB-  
Stable

MOODY’S

Ba1  
Stable

Source: PAO Sovcomflot IFRS financials for 2018-2020., Company data.  
Notes: (1) Excluding finance lease, as of 31 March 2021 (accounted for Eurobond refinancing)

## 4. Questions and Answers



# 5. Appendix



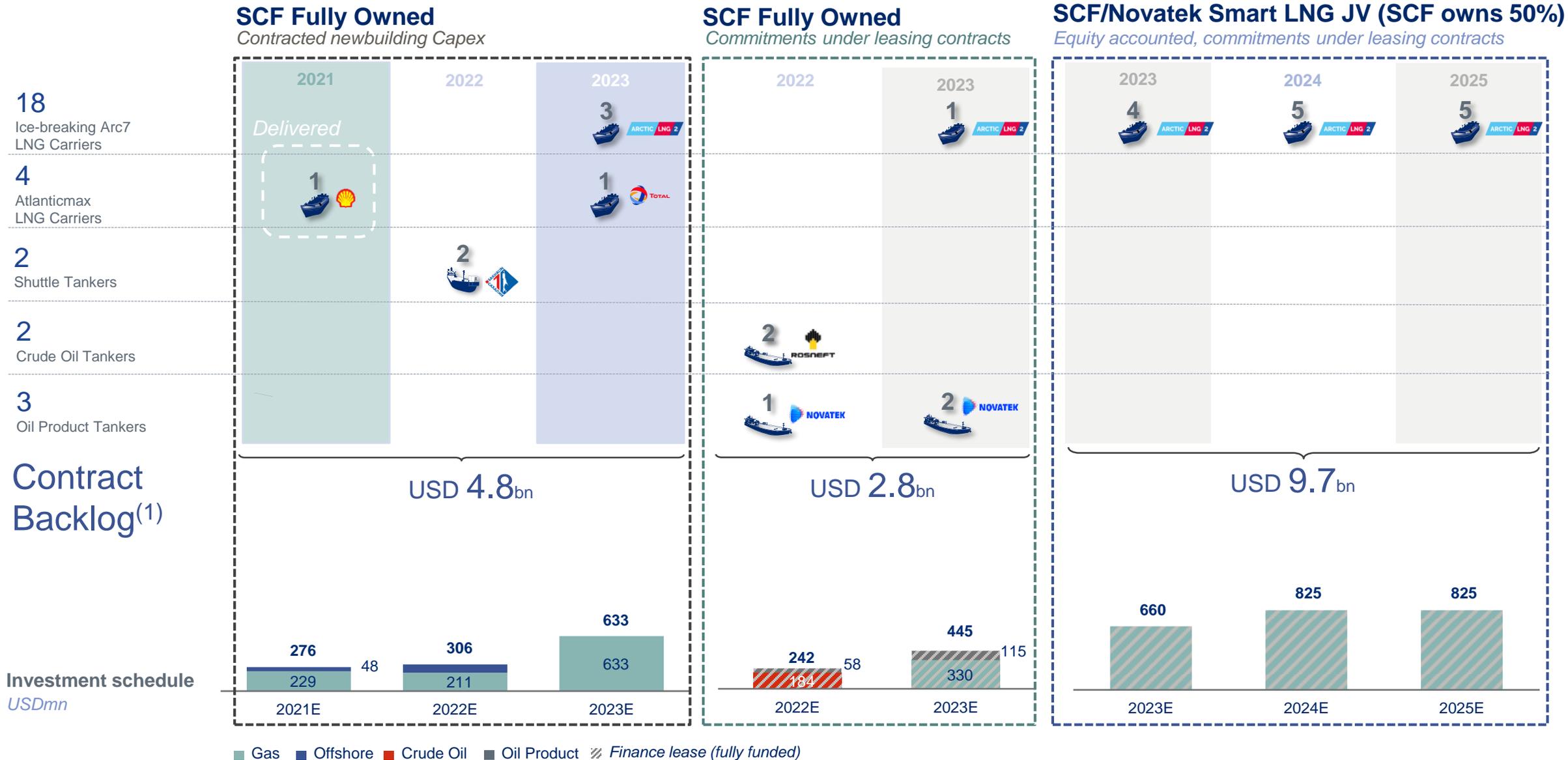
# Financial Summary

USD mln	Q1 2021	Q4 2020	%	Q1 2020	%
<b>Revenue</b>	362.9	354.2	2.4	493.3	-26.4
<b>Time charter equivalent (TCE) revenues</b>	<b>275.1</b>	<b>280.9</b>	<b>-2.1</b>	<b>389.5</b>	<b>-29.4</b>
Vessels' running costs	-85.3	-94.8	-10.0	-84.0	1.5
<b>Net earnings from vessels trading</b>	<b>189.8</b>	<b>186.1</b>	<b>2.0</b>	<b>305.4</b>	<b>-37.9</b>
Net other operating revenue	2.1	2.3	-6.5	2.1	1.7
Depreciation, amortization and impairment	-101.9	-109.0	-6.5	-99.6	2.3
General and administrative expenses	-20.9	-23.6	-11.5	-24.2	-13.7
<b>Operating profit</b>	<b>56.0</b>	<b>55.3</b>	<b>1.2</b>	<b>189.9</b>	<b>-70.5</b>
Financing costs	-42.4	-44.6	-4.9	-49.9	-15.1
<b>Profit before income taxes</b>	<b>8.0</b>	<b>17.5</b>	<b>-54.2</b>	<b>124.1</b>	<b>-93.5</b>
Income tax expense	-9.7	-0.2	NM	-8.1	20.2
<b>Adjusted profit/loss for the period <sup>(1)</sup></b>	<b>14.2</b>	<b>23.4</b>	<b>-39.2</b>	<b>116.7</b>	<b>-87.8</b>
<b>Profit/loss for the period</b>	<b>-1.7</b>	<b>17.4</b>	<b>NM</b>	<b>116.1</b>	<b>-101.4</b>
<b>EBITDA<sup>(2)</sup></b>	<b>156.0</b>	<b>164.3</b>	<b>-5.1</b>	<b>289.6</b>	<b>-46.1</b>
Debt	3 286.5	3 272.2	0.4	3 532.0	-7.0
Cash and deposits	833.4	880.2	-5.3	576.5	44.6
Book value of equity	4 130.0	4 098.4	0.8	3 562.8	15.9
Net debt <sup>(3)</sup>	2 453.1	2 392.0	2.6	2 955.5	-17.0
Net debt/ EBITDA	3.2	2.6		3.2	

Source: Company data.

Notes: (1) Net profit/loss adjusted on fleet and other assets impairment and non-operating income/expense. (2) EBITDA adjusted for other non-operating income and expenses; gain/loss on derivative financial instruments held for trading; gain/loss on ineffective portion of hedges; profit/loss on sale of subsidiaries; foreign exchange gain/loss; gain/loss on sale of equity investments; other operating income and expenses. (3) Net debt includes total secured bank loans, other loans and finance lease liabilities after deducting cash and bank deposits and restricted cash

# Investment Program



Source: Company data  
 Notes: (1) Contract backlog, as of any date, is the total amount receivable by the Group under the Group's currently outstanding time-charter agreements as of such date, including arising from the Group's share in the joint ventures. It is presented either for a specified period or for the total term of such agreements, in each case excluding extension options.

# Expanding Transit Window through the Russian Arctic



Source: Company data